

**Berlin School of Economics and Law**

**Berlin Professional School**

Master of Science

International Business Management

**Comparison of Customer Relationship Management  
(CRM) Strategies between Fintech and Traditional  
Banking**

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Module: International Business Strategy

Term: SoSe 23/24

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## 1. Introduction

The financial business services are going through a period of unprecedented change propelled by the rapid growth of technological advancements. These technological developments are not only transforming consumer shopping habits and marketing channels (Dibb, 2001); but also changing the way financial products and services are delivered. Furthermore, the rise of fintech (financial technology) companies are challenging the way traditional banks operate by introducing a plethora of innovative products, services, and functionality (Gomber et al., 2018). This change has placed CRM strategies at the forefront.

The shift in this competitive landscape has boosted the importance of CRM strategies. As Chaudhry (2004) reveals, that organizations that prioritize their customers stand to gain the most from utilizing CRM to identify the needs and pain points of current clients. While there is extensive literature on CRM strategies across various industries, there is a necessity to understand the specific nuances adopted by Fintech companies versus traditional banks.

Based on existing literature, this review dives deeper into the unique approaches adopted by the two main players. In particular, we have discovered that there is a common theme on fintech companies are increasingly adopting a more personalized approach in their CRM strategies such as the S-O-R (Stimulus-Organism-Response) model. This model states that an external stimulus results in an internal reaction in an individual which then defines a particular response (Chopdar & Balakrishnan, 2020). From the traditional banking perspective, it provides a more general approach and less customer-centric approach and more product-centered approach (Chaudhry, 2004). However, despite these differences, there is limited research on the success factors of these CRM strategies as well as the common strategies shared by fintech companies and traditional banks.

The purpose of this literature review is to address the gap by comparing the existing literature on the different CRM strategies in fintech companies and traditional banks. Through this comparative approach, we aim to identify key strategies that are adopted by both parties, explore the commonalities shared by both fintech companies and traditional banks, and to analyze the potential impacts it bears on customer acquisition, retention, and loyalty.

This review is executed as follows: In Part 2, the research topic is discussed in depth highlighting the strategic importance within the broader financial services landscape. Subsequently, the findings of the literature review are shown in an overview table outlining the methodologies and results. Consecutively, the results of the findings are analyzed according to four parts; showcasing the CRM strategies in fintech companies, CRM strategies in traditional banks, the common strategies shared by both and the impacts these strategies have on customer acquisition, customer retention and customer loyalty. Part 5 includes the gaps found in the existing research and provides recommendations for future research.

## 2. Motivation of research topic

The financial sector has been booming with opportunities in the past few years. As a result of this, fintech firms driven by technological innovation are on the rise as opposed to traditional banking firms. Fintech companies are emerging as major players, challenging traditional banks with their quick and tech-driven approach. The one thing that is tying both these sides together is Customer Relationship Management (CRM) strategies. This necessitated a closer look at how these institutions manage CRM and compare the CRM strategies employed by fintech and traditional banking institutions.

The topic of CRM strategies in fintech versus traditional banking was chosen due to its relevance to several key trends in the financial services industry. Firstly, fintech is on the rise. These companies are rapidly gaining market share by offering innovative financial products and solutions which are delivered through user-friendly digital platforms. These are especially popular among younger demographics.

Secondly, fintech companies focus on customer experience. Nowadays, customer expectations are evolving, and this demands a seamless, personalized, and user-friendly experience across all customer touchpoints. Lastly, effective CRM strategies are imperative in building strong customer relations which help in fostering loyalty and driving long term growth.

This review aims to achieve several objectives. First, it will identify the core CRM strategies adopted by both traditional banks and fintech companies. Second, it will analyze the strengths and weaknesses of each approach. Third, the review will explore how fintech's tech-driven approach is impacting traditional CRM practices. Finally, it will identify potential areas of convergence and divergence in CRM strategies as the financial landscape evolves.

Several initial references will provide a strong foundation for exploring the topic further. The EY Report: Enhance customer experience through Digital Customer Relationship Management (DCRM) (Ernst & Young, 2023) for banks explores the growing importance of digital CRM (DCRM) in the banking sector and highlights the challenges faced by traditional institutions in keeping up with fintech advancements. Additionally, the paper titled New Factors Inducing Changes in the Retail Banking Customer Relationship Management (CRM) and Their Exploration by the Fintech Industry (Kotarba, 2016) examines the impact of technological advancements and changing customer behavior on CRM strategies in retail banking. It also explores how fintech companies are leveraging these trends to gain a competitive edge.

This comparative analysis will contribute to a better understanding of how the financial services industry is adapting to the digital age. The findings will help shed light on strategies that can be adopted by both types of institutions to build stronger customer relationships and thrive in a competitive environment.

### 3. Summary of Articles

The confluence of finance and technology is termed as fintech which is disrupting the current banking services by innovative streamlined processes such as faster payments, smart contracts in trade services and lending, cross-border transactions, higher functionality payment cards, automated investment platforms and individualized insurance services. This fusion of finance and technology is increasing competition and diversity which is forcing the traditional banks to adopt the technologies or work with fintech (Barbu et al., 2021; Mittal et al., 2024). Fintech is enhancing and personalizing customer experiences to maintain a long-term customer relationship and loyalty, as an outcome of which the traditional model of financial industry is becoming outdated based on customer proximity.

The below table shows 22 articles related to adaptation and comparison of Customer Relationship Management (CRM) concept and strategies in fintech and traditional banks. The entire summary reflects on how technological advancement has shifted the focus of financial services towards building customer-centric brands while focusing on customer needs and expectations.

Authors in 11 out of 22 research based their study on quantitative analysis to understand the adoption of digitalization on customer retention and its impact on financial institutions. Kini et al. (2024) used a combination of Construct Reliability, Validity & Multi-Collinearity to understand customer loyalty while on the second part of the research they focused on direct and indirect effect to analyze the hypothetical relationship between customer engagement behavior, self-brand connection, trust, loyalty, and satisfaction.

Furthermore, 7 papers have followed a Literature review and case study methodology while the remaining research were based on qualitative or mixed approach to justify the role of CRM in fintech in today's modern world and its impact on traditional banking. Grassi et al. (2022) created a case study database, using retail banking sector as the unit of analysis on contrast between fintech and traditional banks. To analyze the result, they conceptualized an Open Finance Framework which revolved around customer value and data strategy. Rath (2020) followed an in-depth literature review to understand the aggressive nature of financial services in adopting CRM technologies. As a result, they found out that financial services optimizing CRM using customer information effectively and on time to segment customers based on interests and preferences to provide customized experiences. (Eriksson and Naranjo, 2022) performed qualitative research for small and mid-sized Swedish firms to justify that fintech's are flexible in terms of adapting to new customer-centric approaches according to convenience and changing customer needs.

A conceptual framework is being used or developed by authors to prove the main argument of the research which reflects on a comparison of CRM strategies in fintech and traditional banking. For instance, most of the authors use CRM framework to inspect the social shift of consumer psychological behavior, preferences, and expectations towards fintech and its implications on traditional banks. The table is a representation of all the articles analyzed in this paper for literature review and to identify the gaps and opportunities for further research. It also depicts fintech's' competitive advantages such as agility, accessibility and customer focus over traditional banks fight back using bank network, experience, and compliance while

most of the papers talk about the convergence of both to provide an omni-channel experience with balancing data-driven personalization.

Table 1: Overview Table

Sl. No.	Author	Research Question	Main Argument	Theory	Method	Results
1	Cătălin Mihail Barbu, Dorian Lauren, Tiu Florea, Dan-Cristian Dabija, and Mihai Constantin Răzvan Barbu (2021)	To discover the relationship between ease of use, perceived value, customer support, assurance, speed, perceived firm innovativeness and loyalty intentions is positively associated with customer experience	Analyse customer experience (CX) in the fintech sector	S-O-R Approach, Customer Experience in fintech, Customer Experience	A quantitative approach combining survey data collection with advanced statistical techniques	The S-O-R approach is suitable to predict loyalty intentions in the fintech sector. Customer Experience is approached in a holistic and complex manner. Customer Experience models should consider perceived value, customer support, assurance, speed, and perceived firm innovativeness
2	Dr. Pushpender Kumar and Anupreet Kaur Mokha (2021)	To discover the relationship between four variables in E-CRM, customer experience, customer satisfaction and customer loyalty in the context of banking industry	There is a positive relation between customer experience, customer satisfaction & customer loyalty in the context of the banking industry	Electronic Customer Relationship Management (E-CRM)	Literature Review	The research paper shows a positive relationship among the four variables however, there is a need to explore E-CRM relationship with customer experience
3	Dr. Badal B Rath (2018)	How can banks effectively leverage digitalization and CRM strategies to overcome customer retention challenges and enhance customer loyalty and satisfaction in the digital era?	A research study is proposed to explore the latest trends and challenges in customer retention through CRM in the banking sector	Customer Relationship Management (CRM) theory	Literature Review	There is an impact of digitalization on customer retention. The importance of personalized customer experiences, the role of data analytics in understanding customer behavior, and the need for banks to invest in CRM processes and technologies to enhance customer relationships

4	Sally Dibb (2001)	How are banks adopting CRM and one-to-one marketing strategies in response to technological advancements and changing consumer behavior?	The banking sector has been attracted to one-on-one and CRM strategies due to access to valuable customer data and alternative distribution channels, there are still barriers to fully implementing one-to-one marketing, which the case studies help to illustrate	Segment of one / one to one marketing	Case Studies	One-to-one marketing approaches will likely complement traditional segmentation schemes rather than completely replacing them.
5	Archana Nayak Kini, Basri Savitha, Iqbal Thonse Hawaldar (2024)	What are the direct and indirect effects of trust and satisfaction on brand loyalty in the fintech industry, with customer engagement behavior and self-brand connection serving as mediators?	Customer's perception and fintech's positive brand image can drive customer engagement and establish a sense of connection, ultimately leading towards brand loyalty	Self-congruity theory, Commitment-trust theory, social exchange theory	Quantitative study design and the snowball sampling technique.	Firms need to prioritize customer-centricity by understanding customer self-concept and establishing engagement and connections to build a strong brand loyalty
6	Laura Grassi, Nicolas Figini & Lorenzo Fedeli (2022)	How data-driven strategies enable customer value creation in the context of Open Finance for fintech's and traditional banks?	Customer centricity and an effective data strategy help reduce information asymmetry between banks and customers (external asymmetry) as well as across different departments within banks (internal asymmetry)	Open finance framework	Case Studies	Three different approaches to Open Finance were found (data-driven, customer-centric, and committed cluster), customer centricity is more common in fintech's than traditional banks. Both fintech's and banks are moving away from siloed culture to reduce information asymmetry and enable customer value creation
7	Marcin KOTARBA (2016)	What is the impact of fintech innovations and IoT in CRM practices in retail banking and their effects on market share of traditional banks?	External forces are disrupting retail banking and are impacting customer behavior and market dynamics. Traditional financial institutions are losing market share to technology-savvy and socially oriented fintech with exceptional CRM capabilities	The paper is grounded in the theory of technological disruption and its impact on customer relationship management (CRM) in the retail banking sector	Literature Review	Key technological and social factors disrupting retail banking CRM and provides strategic recommendations for banks to adapt to these omni-channel and omni-client paradigm shifts leveraged by fintech competitors
8	Laketa, Marko; Sanader, Dusica; Laketa, Luka; Mistic, Zvonimir (2015)	How can strategies, organizational adjustments, and modern technology be leveraged to enhance customer relationships and overall profitability in the banking sector?	The role of CRM in the banking sector is to establish long-term relationships with customers, maximize profits, and adapt to evolving customer needs through modern technology integration	CRM concept	Quantitative analysis	Implementing CRM strategies is essential for banks to maintain long-term relationship with customers and modern technologies play a crucial role in personalizing and tailoring offers

9	Raafat Awad Mosa (2021)	How does E-CRM influence the Iraqi customer's experience in the area of E-banking services?	The integration of E-CRM in E-banking services is crucial for enhancing customer experience and building strong relationships with customers in the digital age	Hypothetical model that simulates the link between E-CRM and customer experience in the field of E-banking services	Quantitative analysis	E-CRM has a significant positive impact on customer experience in E-banking services, highlighting the importance of effective channels such as employ networks or digital platform for achieving a superior customer experience
10	Abdelmageed Algamdi, Said Khalifa Mokhtar Brika, Imane Laamari, Khalil Chergui (2021)	This article wants to examine the link between loyalty programs and CRM systems in banks while highlighting CRM's role in enhancing customer loyalty through trust-building activities and effective information management	The research identifies the results of research on the dimensions of CRM, which will give the customers in the Saudi bank industry an overview of the current situation and possible future trends	Summarizing Content Analysis	The study used both quantitative and qualitative data	Continuous improvement in customer relationship management enhances customer loyalty. There is a significant positive effect between CRM dimensions such as communication, security, privacy, market response, and service quality
11	Cătălin Mihail Barbu, Dorian Laurențiu Florea, Dan-Cristian Dabija and Mihai Constantin Răzvan Barbu (2021)	The purpose of this paper is to analyze customer experience (CX) in the fintech sector	The paper contributes to identifying the dimensions, the determinants, and the outcomes of customer experience in fintech, while from a managerial perspective, we demonstrate how fintech companies must integrate customer experience in their business models.	S-O-R framework	Using the stimulus-organism-response (S-O-R) approach, customer experience in fintech based on stimuli from fintech companies was modeled. The model was validated with hypotheses tested via PLS-SEM and survey data	Perceived value, customer support, assurance, speed and perceived firm innovativeness are positively related to customer experience in fintech. In turn, customer experience is positively associated with loyalty intentions of the customer
12	Cristina Gallego-Gomez, Carmen De-Pablos-Herederó, José Luis Montes-Botella (2021)	Do firms generate dynamic capabilities as a consequence of the use of CRM systems?	Implementation of CRM systems in the banking industry can lead to development of dynamic capabilities, ultimately enhancing firms' efficiency and customer relationships	Theory of Dynamic Capabilities combined with CRM	Quantitative analysis	Implementing CRM systems effectively, the banking industry can achieve dynamic capabilities, leading to improved efficiency and customer relationships
13	Maia, Pedro Albuquerque Ceará (2023)	The goal of this study is to identify and analyze the main challenges that this area faces in fintech's point out opportunities for improvement so that these companies guarantee the satisfaction of their customers and stand out in an extremely competitive market	What are the main challenges faced by fintech's when it comes to customer success? What best practices can be adopted by fintech's to improve customer success outcomes and drive growth?	Grounded theory approach	This research adopted a qualitative approach through interviews with three groups of professionals	Despite rapid growth and increasing adoption of digital financial solutions, fintech's face several obstacles to ensuring long-term customer satisfaction and retention



14	Dr. Ram Bajaj (2022)	This study aims to analyze the role of fintech and its impact on customer satisfaction within the banking sector of Pune city. this research explores the socio-demographic profile of participants and assesses their satisfaction levels with banking service	How does banking, as a primary provider of financial services, continually innovate to maintain and enhance customer satisfaction levels, with fintech playing a crucial role in this pursuit?	Stimulus-organism-response (S-O-R) approach	Quantitative analysis	Through awareness, training, careful reviews and meticulous planning, fintech can contribute to meeting and exceeding the customer expectations from time to time
15	Dr. Shivi Mittal, Anmol Tayal, Srishti Singhal, Manvi Gupta (2024)	How is fintech reshaping existing traditional banking through digital transformation, automation, and enhanced customer experiences?	Despite some challenges fintech is excelling in competing with traditional banking with respect to meeting customer needs and expectations	Summarizing content Analysis	Literature review	Comparison of traditional banking to fintech's influence, challenges, and opportunities, offering valuable recommendations, fulfilling changing consumer expectations using digital technologies
16	MARTIN ERIKSSON MOHAMED EL KHATIB NARANJO (2022)	This thesis is exploring the if, how and when companies within the Swedish fintech industry use customer knowledge and customers in co-creation processes RQ1: How are fintech companies involving customer knowledge in the innovation process? RQ2: In what innovation phases are Swedish fintech companies involving customer knowledge?	How are companies approaching and using customer knowledge? and which phase of the product life cycle are they using customer knowledge in it?	The theoretical framework chosen for this study is derived from Customer Knowledge Management (CKM)	This study will have an exploratory approach. this thesis will be empirically investigated through a qualitative method	Customer knowledge and customer inclusion in the right innovation phases is not the only parameter for successful innovation, but also timing of the innovation and the ability to meet future latent hidden needs that will be available in the future where constant changes in the social, technological and market variables are occurring
17	Dr. N. Kannan (2024)	This paper presents a case study approach to explore the implementation and impact of AI-enabled CRM in the financial industry. We examine how AI technologies, such as machine learning, natural language processing, and predictive analytics, are utilized to personalize customer interactions, anticipate customer needs, and optimize marketing strategies	Highlight the effectiveness of AI enabled CRM in improving customer satisfaction, increasing cross-selling opportunities, and fostering long-term customer loyalty. Additionally, we discuss the challenges and opportunities associated with implementing AI-driven CRM solutions	Case study methodology	Case study methodology	AI-driven CRM in finance presents opportunities and challenges. By leveraging practices like modular architecture and strategic business case development, organizations can unlock Artificial Intelligence's potential which is revolutionizing customer engagement and ensuring long-term success in a competitive landscape

18	Dr.Irfan Abdul Karim Shaikh (2023)	How has consumer individualization through advanced banking impacted buyer expectations and experiences, specifically in the context of chatbots and AI virtual assistants altering financial service usage?	The review aims to assess if computerized banking services, which include traditional bank applications, create positive customer experiences and to gauge customer opinions on neobanks, and a focus on them delivering excellent customer service	Technology Acceptance Model (TAM)	Quantitative methodology	Customers have drastically transformed; Artificial Intelligence controlled innovation isn't widely appreciated
19	Jitendar Kumar and Dr. Sudipta Sen Gupta (2023)	To identify the impact of artificial intelligence on customer support in Indian banking sector. To study the impact of artificial intelligence on privacy & security in Indian banking industry. To study the impact of artificial intelligence on Database management system in Indian banking industry	This study showcases the advantages and disadvantages of adopting AI technology in the Indian banking sector. This study is of descriptive nature which describes the usage of artificial intelligence in banking services and the effect on relationship with customer		Quantitative and Qualitative analysis	The banking sector has benefited more from automation and AI should be employed in the banking sector to improve the speed and creativity of banking transactions. Banks must adopt the newest technologies to boost relationship marketing strategies
20	Alisya Putri Rabbani, Andry Alamsyah, Sri Widiyanesti (2020)	Identify how fintech in Indonesia perform on twitter using SNA. Identify market opinions about Indonesia's fintech industry	Social media, particularly Twitter, plays a significant role in the growth and engagement of fintech companies in Indonesia. By utilizing social media platforms like Twitter, fintech companies such as GoPay and LinkAja can effectively interact with customers, share information about their services, and respond to complaints.	SCRM (Social Customer Relationship Management)	Social Network Analysis (SNA) & Sentiment Analysis	The company performed the best due to their strong online presence and reflects well on the image that users have of the said company. Companies who did not perform as well may have to resort to bigger campaigns or people of influence to create more brand awareness
21	Anthony Larsson (2018)	What are the most important challenges the fintech firms have posed to the Swedish banks in terms of securing customer loyalty through the use of digital channels	The rise of fintech companies is posing a significant challenge to traditional banks, especially in terms of securing customer loyalty through digital channels	The Bell Doctrine, Customer E-loyalty	Qualitative approach using a phenomenological hermeneutic framework to explore how bank managers perceive the impact of fintech services on customer relations	The role of convenience is securing customer loyalty more than ever before. Traditional banks in Sweden face challenges in digitalization efforts due to regulatory asymmetry which hinders traditional banks from effectively profiling their customers, impacting their ability to meet customer expectations

22	Nabhelharmony,F.,&Musa,S.(2021)	Does Dynamic capability have a positive effect? relationship with CRM? Does CRM have a positive relationship with OA? Does OA have a positive relationship with FP?	The study proposes and tests a model suggesting that dynamic capability positively influences customer relationship management (CRM), which, in turn, enhances organizational agility.	Role of Dynamic Capability, CRM	Quantitative	Results show that dynamic capabilities are crucial for managing customer relationships in fintech lending firms. Customer Relationship Management (CRM) systems can provide valuable business data for decision-making. Efficient customer relationships are essential for organizational agility
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## 4. Analysis of Articles

### 4.1 CRM Strategies in Fintech

The fintech industry is incorporating various new technologies to deliver improved customer experience. CRM in fintech plays a vital role in its success metrics. Some of the key CRM strategies that fintech industry follows today are data-driven personalization, mobile first engagement, omni-channel communication, Artificial Intelligence (AI) powered customer service and above all maintaining robust security and transparency.

Data and technology are united in the ever-evolving financial market where customers are changing their expectations with each passing day. Companies must leverage all available data not only by predicting customer behavior but also by designing successful products and services for customer value creation and offering individualized services which certainly enhance an entire customer-oriented approach. Open Finance Framework is playing a key role in this new ecosystem of financial industry where customer value comprising of culture, organization and performance management are key supporters while on the other hand data strategy includes components like data, data value and technological architecture (Grassi et al., 2022). Companies must make use of data warehouses to carry out analytical CRM through collection, processing, and systematization of data in order to obtain information relevant to Customer Relationship Management. The collection of data helps in breaking down of customers into different groups based on their preferences so as to serve them better (Lateka et al., 2015).

Technology plays a central role in driving CRM strategies for both fintech and traditional banks. Fintech companies are at the forefront of AI-powered solutions, utilizing chatbots and virtual assistants to deliver efficient and personalized customer support, particularly for digitally savvy demographics (Algamdi et al., 2021). This focus on AI aligns with broader trends in customer service automation, allowing fintech companies to scale their operations efficiently while addressing customer inquiries promptly.

With the rapid growth of the fintech industry, the CRM strategies adopted by this industry are important to understand. It can play a pivotal role in reshaping the finance industry as a whole. Fintech businesses use technology to provide financial services; they develop and set up their offerings and use marketing-related stimuli to attract and surprise clients (Barbu et al., 2021). They also point out that the innovations brought forward by fintech companies contribute towards efficiency in financial markets whilst delivering an enhanced customer experience. By focusing their attention on personalized interactions, leveraging technology to provide a seamless user experience, fintech companies are paving the way forwards as the frontrunners in CRM within the financial sector.

Kotarba (2016) in his research highlights the impact of technological enlightenment and omni-channel approach which has given a whole new angle to CRM in fintech industry where the migration of banking services to digital space has started a multidimensional revolution. This sheds light on some of the most important factors where the fintech stands out in maintaining exceptional customer satisfaction and retention such as reduction of core dependencies from the branches with more use of home banking using mobile applications, introduction of 24x7 technical support for customers, increasing the digital security of financial applications such as multi-factor authentication or authorization. Gomez et al. (2021) in their paper underlines the foreground that fintech companies are using CRMs as tools and practices to spread dynamic capabilities. Some of the most common capabilities used by financial business services are Detection Capabilities (DECT) to understand customer needs, Absorption Capabilities (ABS) to acquire customers by performing strategic changes in the financial organizations and customizing marketing campaigns accordingly, Integration Capability (INTR) which makes use of technical and human knowledge to combine a group interaction pattern through different elements to understand customer expectations and preferences and finally the last one is Innovation Capability (INNO) where the organizations exploit the generated and gathered information and translate them into new product and innovation.

Using Social Network Analysis and Sentiment Analysis (Rabbani et al., 2021) suggests that the role of social media plays an important role in the engagement and growth of fintech companies. The authors also describe that social media platforms like Twitter and fintech companies can effectively share information about their services and products, communicate with customers and respond to customer queries. Although, this research was conducted from an Indonesian context, their argument proved to be correct. The companies which displayed high performance also reflected well on the image the users have on the companies. While this is the only one literature which suggested the use of social media in engagement of growth in fintech companies it can be understood that social media is part of a CRM strategy within the fintech industry as they also infer that it is valuable for individuals, businesses, and professional use.

Fintech excels in the Customer Relationship Management (CRM) domain, with its inherent agility, offering highly personalized services through diverse Business-to-Business (B2B) and Business-to-Consumer (B2C) models (Albuquerque, Maia and Paulo, 2023). This emphasis on personalization aligns with the Stimulus-Organism-Response (SOR) framework (Barbu et al., 2021). Fintech services act as the stimulus and provide targeted solutions based on customer

behavior and preferences based on data analysis. This data-driven approach promotes a positive customer experience (response) and strengthens loyalty (Bajaj, 2022).

In Larsson's (2018) research on Swedish banks, this author highlights an important challenge brought by fintech companies which is securing customer loyalty digitally through digital channels even though fintech companies thrive on digital experiences. However, through a qualitative approach with bank managers, this author exposes that the reason behind the hindrance of Swedish banks' digital profiling capability is due to regulatory asymmetry. Fintech companies who are not affected by these limitations can utilize the data and tools they have to create a hyper personalized experiences that matches the needs of the customer. This emphasizes a key strategy which depicts why fintech companies are thriving in the financial landscape whilst providing unparallel customer experience and building loyalty.

With the fintech industry constantly experiencing innovation, dynamic capabilities are important for fintech companies to have a competitive advantage. This can be attributed to the ability of a company to adapt and integrate its internal and external resources in response to quickly changing environments such as the ever-changing customer needs and market conditions. CRM systems play a vital role in the process by functioning as a powerful data warehouse. These systems can provide crucial insights into customer behavior and preferences. These insights in turn, can be used as an advantage for decision-making which can finally be used for organizational agility, and allowing fintech companies to create and provide better innovative products which meets the needs of the customers (Alam et al., 2020).

As a whole fintech industry is transforming the world of financial services using CRM as a technological and continuous improvement tool which has the abilities to develop dynamic capabilities that gives the organizations to arrive at new and innovative ways to generate competitive advantage (Algamdi et al., 2021; Gomez et al., 2021).

## 4.2 CRM Strategies in Traditional Banking

The traditional banking model follows a brick and motor approach which revolves around physical branches being the central point of contact for customer interactions. These branches offer a range of services including in-person banking, account management, transactions, and financial advice. The hierarchical organizational structure in traditional banks serves as a cornerstone in the decision-making processes. The legacy systems characterized by established but often unmanageable and inconvenient acts as a backbone of traditional banking operations. Traditional Banking Strategies underpin the key elements such as customer focus, risk management, product-centric and regulatory compliance. Furthermore, the rise of technology is constantly increasing challenges for traditional banks resulting in hindrance of understanding and meeting customer expectations and preferences. The major obstacles faced by banks these days is to compete with fintech industry which has exceptionally mastered the art of integrating innovative technologies in legacy and outdated systems to digitalized banking experience, reduced the regulatory compliance to encourage

risk-taking and experimentation in financial industry. The traditional banks are also facing major issues in maintaining costs while the fintech industry is revolutionizing the cost effectiveness of financial institutions using the Artificial Intelligence (AI) enabled CRM systems (Kannan, 2024; Mittal et al., 2024). The introduction of E-CRMs is changing the world of traditional banking industry by forcing banks to understand customer preferences of online transactions and banking and switch their focus towards electronic banking services (Kumar and Mokha, 2021).

According to the literature reviewed for this paper, the CRM strategy in traditional banking is typically traditional in nature; product centered marketing approaches, physical branches as a point of contact, outdated legacy systems etc. Brick-and-mortar banking has been the norm for traditional banking models, with physical branches acting as important points of contact for customers (Gupta, 2024). As the author points out, physical branches and face-to-face interaction are what traditional banks hold to even today. However, with the advancements of technology, can this model adopted by traditional banking remain relevant in this present era? To add to that point, Hedley et al. (2006) and Chaudary (2004) implies that the main objectives of traditional banks are to sell the best products, to not consider what their actual customers needed, as a customer-centric business would. Traditional banks typically offer a broad range of financial products such as loans, credit cards, mortgages, savings accounts which are typically products that are of necessity to a customer and benefit the banks at the same time. However, because CRM is impertinent in maintaining customer relationship (Shaikh et al., 2023), traditional banks operate a more general approach to it, and this is mainly due to their legacy systems that affect hinder a continuous approach as compared to their stronger fintech competitors (Gupta, 2024). This author also points out that due to the increasing demand for digitalization in banking services, it makes it difficult for traditional banks to meet the expectations of the customers.

Dibb (2001) argues how banks are adopting CRM and one-to-one marketing strategies in response to technological advancements and changing consumer behavior. However, this author also highlights that the banking industry has been drawn to these tactics because they provide access to valuable customer data and alternative distribution channels, however there are still obstacles in fully implementing a one-to-one marketing approach. Nevertheless, the claim that there are still challenges in putting a customer-centric approach into practice today, though, is dubious given how long ago this claim was made.

To negate Dibb's (2001) argument on the setbacks of a one-to-one marketing approach, there is research which has contributed to the successful implementations of latest technologies in boosting CRM strategies. According to Kumar & Gupta (2023), in research conducted of banks in India, they point out that the usage of Artificial Intelligence (AI) in the banking sector shows some advantages and disadvantages of adopting AI technology in the Indian banking sector. The results of this study show that the banking sector has received some benefits from automation and that AI should be implemented in the banking sector. From a CRM perspective, in order to boost relationship marketing strategies of a bank, they must embrace the newest technologies. The argument brought forward by these authors shows the sheer importance of technologies in boosting CRM strategies in the banking industry.



Traditional banks are re-evaluating their CRM strategies because they are facing pressure to compete with the innovation of fintech companies. Implementing robust CRM systems allows them to collect and analyze detailed customer data which enables them to personalize offerings and build stronger relationships with customers (Albuquerque, Maia and Paulo, 2023). Traditional banks are also recognizing the value of Artificial Intelligence (AI), integrating these technologies to streamline processes and enhance customer interactions (Abdul, Shaikh and Jadhav, 2023).

### 4.3 Commonalities & Differences

A customer-centric approach is fundamental to the success of CRM in a variety of industries. As Chaudary (2004) claims that organization who are customer-focused develop strategies that use CRM to detect the needs and the “hurt points” of existing customers. These “hurt points” are areas where a customer is unsatisfied or frustrated during the customer journey. This remains a broad commonality in most of the literature reviewed. This idea is particularly relevant to the financial services industry where traditional banks and fintech companies are beginning to understand the role CRM strategies play in the success and expansion of a business. A great deal of research, including studies by different experts, reveals that the fintech and traditional banking sectors share a common emphasis on customer-centricity (Kini et al., 2024). This emphasis pushes both sectors to use CRM tools and data analytics to better understand their customers by looking at customer interactions, transaction patterns, and feedback.

The competitive landscape of financial services might show fintech companies and traditional banks as competitors but in-depth research sheds light on key commonalities in their Customer Relationship Management (CRM) strategies. Both recognize the central importance of building trust with customers, and a core element of this trust is data security and privacy. Customers need to feel confident that their financial information is safe regardless of their banking preferences. This shared imperative translates into a commitment to robust data security measures and transparent privacy policies by both fintech and traditional banks, forming a strong base for their CRM strategies (Algamdi et al., 2021).

Additionally, another other area of similarity lies in personalization. Both sectors leverage technology to gain a deeper understanding of their customer base. By analyzing customer data, they can identify purchase patterns and customize their offerings and communication accordingly. This personalized approach fosters stronger customer relationships and loyalty. Furthermore, both fintech and traditional banks are increasingly adopting Artificial Intelligence (AI) and automation tools within their CRM strategies. These technologies allow them to automate tasks, understand customer behavior more effectively, and provide personalized interactions, ultimately enhancing communication and service delivery (Abdul, Shaikh and Jadhav, 2023).

While fintech and traditional banks are operating in a competitive space, a focus on strong CRM strategies is built using personalization and technological adoption representing the key area of advantage for fintech companies. Fintech's agility allows it to excel in offering highly

customized services, while traditional banks are leveraging technology advancements to bridge the gap and enhance their CRM capabilities. As the financial services industry evolves, a continued focus on customer-centric approaches supported by innovative technologies will likely remain a central theme in CRM strategies for both fintech and traditional banks (Bajaj, 2022).

The customer journey in financial services offers a cross-sell approach comprising of Awareness, Information, Onboarding, Advice, Sales/Transactions, Aftersales where both traditional financial institutions and fintech companies used to operate in the initial stages of Awareness and Information for marketing and product support (Kotarba, 2016). In today's digital era with the increasing technological advancements, financial business services are treating CRM as a tool in the entire customer journey to manage customer interactions effectively by automating repetitive tasks. Both traditional banks and fintech companies share some commonalities to utilize CRM so as to consolidating customer data where it acts as a central repository to gather and store all customer information which in turn helps in enhancing customer services with readily available data by the use of which personalization of approach can be done to facilitate faster resolution of issues, targeted product recommendations and more proactive services anticipating the customer needs (Shaikh et al., 2023).

Whilst the core functionalities of both overlap there is still a huge difference between CRM strategies and methodological approaches of traditional banks and fintech companies. The traditional and legacy banks use CRMs for wealth management where the main focus is on long-term relationships with customers by managing complex portfolios and personalizing their experiences. On the other hand, fintech companies are mastering the art of customer acquisition and onboarding by using CRM concepts and strategies. The integration and innovation of technological landscape is playing a crucial role in shaping CRM strategies for both traditional banks and fintech companies. Traditional banks are making the use of Artificial Intelligence (AI) to foster the data migration of customers for providing better customer experience inclusive of regulatory compliance concerns, data security considerations which slows down the adoption of innovative functionalities. Moreover, fintech companies with their agility and seamless integration of modernized CRM are pioneering AI and data analytics by incorporating AI-powered chatbots for customer service, and using data analytics for risk assessment, and making use of AI algorithms to offer customized financial advice which supports customer centricity and helps the financial institutions to understand their needs, preferences and expectations which in turn enhances user experience (Kannan, 2024; Eriksson and Naranjo, 2022; Mosa, 2021).

Despite the competitive environment, a focus on strong Customer Relationship Management (CRM) emerges as a key area of convergence between traditional banks and fintech. Both recognize the critical role of understanding and catering to individual customer needs. Hence, fintech companies and traditional banks display a surprising level of convergence in their CRM strategies. Some common threads that are driving successful customer relationship management in both sectors are building trust through data security, personalizing services, and making use of Artificial Intelligence (AI) and automation technologies.



## 5. Gaps & Opportunities for future research

During our analysis of the literature required for this paper, we discovered gaps and opportunities for future research. The major gap we have identified across the literature reviewed is that the focus of these papers is geographically diverse. This makes it challenging to draw general conclusions about useful CRM strategies across both the fintech and traditional banking industry. There is a lack of comparative analysis which observed how CRM approaches adjust to the complex regulatory requirements or the needs of the customers. The area for future research should include methods to address this gap by conducting region specific studies which includes various countries and continents and can compare CRM strategies in both fintech and traditional banking in countries with similar characteristics.

According to Kini et al., (2024) the findings of this research may not be applicable to states or countries that have lower levels of fintech adoption. As the psychological aspects of these studies vary among cultures, the findings of the current studies should be interpreted with caution. The snowball sampling technique has limitations such as a biased network effect or a sample that is not representative. To expand on this, future research may include a causal design that employee's experimental methods based on exploring the CRM concept and strategies in fintech and traditional banking. Most of the papers discussed using only quantitative methods, further studies can make use of a mixed methodology involving qualitative techniques as well that could be used to capture the subjective dimensions of the variables under study.

Additionally, future research in the topic of comparing Customer Relationship Management (CRM) strategies between fintech companies and traditional banking can delve into several compelling areas. With the advent of increasing technological changes in today's world one significant avenue is the investigation of how fintech companies leverage advanced technologies like AI, machine learning, and big data analytics in their CRM systems compared to traditional banks, and the subsequent impact these technologies have on customer experience and satisfaction (Abdul, Shaikh and Jadhav, 2023).

Furthermore, another important research direction could focus on the regulatory and compliance challenges that shape CRM strategies and examining how each sector adapts to regulatory environments and the flexibility of their CRM systems in ensuring compliance. Comparing the data management practices which includes data collection, storage, and usage, could also help to shed light on customer perceptions of privacy and data security within fintech and traditional banking. Assessing the broader impact of digital transformation on CRM strategies could reveal how traditional banks are adapting to newer technologies with an intent to compete with the innovative approaches of fintech companies, and the pace and scale of digital adoption across both the sectors. Moreover, studying factors that influence customer trust and loyalty, and comparing the effectiveness of brand loyalty programs, could also offer valuable insights into customer retention dynamics (Thorzén, 2011).

## 6. Conclusion

This paper on the whole highlights the differences between Customer Relationship Management (CRM) concept and strategies used by traditional banks and fintech. This literature review is beneficial for financial business services, especially in maintaining their relationships with customers. The financial industry in the digital era is gradually adapting to the use of social network analysis which is helping the banks to understand customer characteristics and connect with customers on a personal note (Rabbani et al., 2021). Data Security and transparency is playing a vital role in today's ever-changing financial industry which has its roots on technological advancement. Overall financial organizations agility in adapting to fast changing customer needs and optimizing the organizational processes to establish a strong and long-term relationship with customers is gradually becoming the key focus (Harmony and Musa, 2021).

According to Barbu et al. (2021), the customer experience in the fintech sector is a complex and multidimensional concept that includes cognitive experience, affective experience, and social experience. By applying the S-O-R framework to the new sector of fintech we are enhancing our knowledge of customer experience in the fintech sector, by taking into account the firm's stimuli that positively associate with customer experience. Customer experience is approached in a holistic and complex manner. For fintech companies to have a customer-centric approach, Albuquerque et al., (2023) suggests defining clear goals and objectives with this mindset. In this way, the leadership should establish SMART goals which are specific, measurable, achievable, relevant, and time-bound goals for the Customer Success Management (CSM) area. This will help in ensuring that the team's goal is aligned with the company's overall goals and priorities and also make sure that they complement CRM strategies.

In addition to that, traditional banks, while they are based on physical branch networks and legacy systems, they are embracing CRM more and more in order to remain relevant and competitive. As they move ahead with digital banking by introducing AI and automation, they are able to customize their product offerings and increase operational efficiency. With that in mind, regulatory restrictions, and the necessity to modernize their systems remain a hurdle (Larsson, 2018).

To better understand the efficacy of CRM practices, future research should target their research on comparative studies that analyze CRM strategies across various regions keeping in mind the regulatory and cultural barriers. The implications of advanced technologies, the ways in which CRM systems adjust to changing regulatory frameworks, and the elements that impact customer loyalty and trust are more areas to be investigated.

To summarize the findings of this paper, a customer-centric strategy supported by technical innovation will continue to be at the center of effective CRM strategies as both traditional and fintech banks manage the advantages and challenges of digital transformation. Maintaining a competitive edge and ensuring client happiness need constant innovation in CRM methods. We believe that the future of the financial industry will be revamped giving a whole new outlook with the continuous convergence of fintech with traditional banking processes.

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