

ABSTRACT

In this era of marketing, which is known as the relationship era, customers are identified as the main determinant of success for a business. Hence, corporations are tailoring their products and services to suit their customers' need and demand. This leads to the introduction of Customer Relationship Management (CRM).

CRM is best defined as a technology based business strategy whereby companies leverage increased customers' knowledge to build profitable relationships, based on optimising value delivered and realised from their customers.

With the introduction of the CRM concept to the banking industry, it was perceived that the responses to customers' queries have improved while delivering products and services that meet the customers' requirement.

Nevertheless difficulty in the measuring the effectiveness of the programme and high implementation and process re-engineering cost could deter banks from engaging the CRM programme. In addressing to that barrier, bankers have suggested that customer retention and customer satisfaction through the growth of individual customer's portfolio to be the most preferred method of measurement.

In Malaysia, however the concept of CRM is still at its infancy stage. Therefore, the purpose of this study is to provide an insight on the concept of CRM and also to analyse the relationship between corporations' profitability and CRM initiatives.

Finally it is hoped that this research could be used as a guide to carry out further research on the practice of CRM in other industries in Malaysia such as the telecommunications industry and the service industry.