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Company Case Study Form (WP3, Deliverable 3.1)

Explanation:

According to the Letters of Intent by the Associated Industry Partners, each university will be provided with **one practical company case study** for the courses which will start in the academic year 2019/2020.

Next steps:

- 1) Each university should **choose one course** for which it develops a case study together with a company representative (e.g. a practical problem/issue which companies in this area are facing and on which the students will work – supervised by their lecturer).
- 2) Please fill in the form below

Please note: In case a company case study is developed for a course, only one additional assignment is required (see course package form, section 8).

General information:

Title of the course (as specified in the reformed curriculum)	Banking information systems and electronic banking
Name of the teacher	Armen Ghazaryan
Title of the case study	Implementation of a CRM system in banks
Company with which the case study was developed	ARARATBANK

Practical case study:

Explanation: Please outline the practical case study that the students are going to work on.

1. Introduction of the case / problem:

ARARATBANK provides financial services to individuals and legal entities. The branch network of the Bank comprises 60 branches, of which 59 branches are in the Republic of Armenia and 1 branch in Nagorno-Karabakh Republic. Average number of employees as of 20.01.2020 stood at 1001. International banking state-of-the-art best technologies and best practice of the corporate governance are introduced in the Bank.

ARARATBANK is a member of the Union of Banks of Armenia and is a partner of the Ministry of Finance and Ministry of Economic Development and Investments of the Republic of Armenia in the field of the internal public debt management. The Bank is a government agent in the field of the public debt management of Armenia in the primary and secondary markets and is a member of NASDAQ OMX Armenia OJSC. The status of a stock exchange member enables the Bank to trade in all instruments available at the Stock Exchange.

Pursuant to the CBA Board Resolution No 1/723A of 17 July 2008 ARARATBANK OJSC was registered in the register of insurance agents and was issued a Registration certificate № 25.

In 2007, ARARATBANK was the first to issue corporate coupon bonds — as a new financial instrument — in Armenia, which were listed in the highest A-bond category of the Armenian Stock Exchange. The Bank is among the most active players in the securities market and it is already ten times it has issued corporate bonds — 2007, 2008, 2009, 2011, 2012, 2013, 2014, 2015 and 2016 — which were listed in the Stock Exchange of the Republic of Armenia. In 2016, the Bank issued corporate bonds .

ARARATBANK is a primary dealer in government bonds and one of the most active banks in executing transactions in the Armenian financial market, as a result of which ARARATBANK was recognized winner by NASDAQ OMX Armenia in the nomination Best Exchange Member in the Government Bonds Market for the fifth year running.

ARARATBANK OJSC has had 19 issues of corporate bonds, which were quoted in the Stock Exchange of the Republic of Armenia with five USD bonds and one AMD bond currently in circulation.

ARARATBANK issues plastic cards of both local and international reputable payment and settlement systems. ARARATBANK is a shareholder and fully-fledged member of Armenian Card Company, as well as an affiliated member of MasterCard and fully-fledged member of VISA International payment systems. Becoming an exclusive representative of Diners Club global payment system in Armenia, the Bank has been issuing and processing Diners Club Young Professional and Diners Club Super Premium cards since 2013. The service network of the Bank comprises 60 POS terminals, 1590 merchants and 122 ATMs. Number of cards issued by the Bank totals app. 140.000.

In 2015, ARARATBANK added Mobile Banking application to its services, due to which the services provided by the Bank are accessible to the customers from any place and at any time. On the web page of the Bank, customers are enabled as well to make use of a number of online services, namely make utility payments, order plastic cards and private safe deposit boxes.

ARARATBANK is a member of SWIFT international payment system. It executes fast international remittances through Money Gram, Xpress Money, Ria Money Transfers, UNISTREAM, Intel Express, Sigue, Converse Transfer, Moneytun systems.

ARARATBANK cooperates with 14 international reputable financial institutions, among them being:

European Bank for Reconstruction and Development (EBRD);

Kreditanstalt Für Wiederaufbau (KfW);

Black Sea Trade and Development Bank (BSTDB);

Dutch development bank (FMO);

Opec Fund for International Development (OFID);

European Fund for Southeast Europe (EFSE);responsAbility Global Microfinance Fund and other institutions.

ARARATBANK's mission is to render up-to-date, proficient and high-quality banking services using latest banking technologies and creating unique business culture in bank-client relations.

Ensuring public activities, being available and transparent for any member of society, ARARATBANK considers itself as a reliable guardian of every customer's savings and cash resources.

Being one of the most dynamically developing banks of the banking system of Armenia, enlarging branch network and range of rendered banking services, participating in large international credit programs, increasing crediting of the real sector of economy, taking special place in bond, mortgage and consumer crediting markets and in the field of deposit policy, tightening relations with European international organizations, developing partnership with the international major banks and financial institutions, highly estimating value system of corporate governance, professional skills, abilities and human qualities of all of its employees, ARARATBANK is aimed to take a leading position in the banking system of Armenia to improve welfare and scale of living of all its customers, shareholders, personnel, in other words all the citizens of RA.

Banks ' activity in the market conditions is directly related to competition. The Bank's competitiveness is determined by its competitive advantages, the formation of which is possible due to the active use of marketing and modern technologies in the Bank's activities. CRM systems as one of the promising tools for improving competitiveness.

Assignment / task for the students:

Banks ' activity in the market conditions is directly related to competition. The Bank's competitiveness is determined by its competitive advantages, the formation of which is possible due to the active use of marketing and modern technologies in the Bank's activities. The students considers CRM systems as one of the promising tools for improving competitiveness. The use of CRM systems has specific goals, the result of which is to obtain Bank of competitive advantages. In turn, the nature of competitive advantages depends on the type of system and the implementation situation. It is noted that the introduction and use of CRM systems is accompanied by certain problems that can reduce the expected effect. The occurrence of problems, their number and ease of elimination are related to the situation of implementing a CRM system. Underlined, that the main factor in the success of implementing a CRM system is the presence or absence of a valid CRM in the Bank.

Case study or control works involves preparing students for lectures and laboratory classes, based on the materials of lectures and recommended by the program textbooks and manuals, as well as other information sources, fixing

theoretical knowledge and practical skills, preparation for passing tests and implementation of control tasks for mastering the past material.

Approximate list of control works:

1. Evaluating the effectiveness of CRM system implementation
2. Make a comparative characteristic of the Client-Bank, Internet banking, Telebanking and Mobile banking systems, identify their main advantages and disadvantages.
3. Perform a comparative analysis of the main characteristics, advantages and disadvantages, and technologies for using Internet systems of two foreign banks (to choose from).

Students will be divided into groups within their tutorial group. Each week, there will be presentations on a particular case study from the selected chapters (group presentation) followed by discussions. Before preparing presentation slides, each group prepares information base as a report, supplementing it with appropriate theoretical part, conclusions and recommendations. The lecturer follows that in case of each part of the work implemented, the plagiarism is excluded, and the references are mentioned in the theoretical part. They also do some research and theme of a topic is agreed with the lecturer in advance research is mainly conducted within the context of a master's thesis, analyzing a particular bank or company. With a range of knowledge and skills, students are able to cluster and predict data using the up-to-date technologies. After identifying problems and suggesting solutions for them, all participants discuss, analyze, argue and summarize whole results of their work implemented in presentation slides. There is no limitation presentation slides' number. Group work provides students with practical knowledge to help them better understand the subject.

Learning outcomes

After completing case study students will be able to:

- Identify and match information base with projects' requirements
- Summarize and analyze information, set goals and find ways to achieve them in the context of the formation and development of the information society;

- Analyze the market of software and hardware, information products and services for solving applied problems and creating information systems;
- Prepare reviews of scientific literature and electronic information and educational resources for professional activities.
- Estimate the risk of management of e-banking activities

REFERENCES

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5. Beisova V. E. Clients are also people! Modern technologies and methods of working with the client; Phoenix-Moscow, 2006. - 208 p.
6. Vladislavlev D. N. How to organize the Bank's customer service; OS-89-Moscow, 2009. - 224 p.

Examples of tables and questionnaire.

Have you implemented a CRM system in your company and want to know if it has paid off? First, let's remember the reasons why you decided to implement it. One of the most common is the desire to increase:

- number of loyal customers;
- the flow of new customers;
- conversion to sales;
- number of repeat purchases, etc.

Therefore, we will calculate the return on CRM with the maximum approximation to these categories.

Formulas for calculating CRM payback

There are several ways to calculate the payback of a CRM system. Let's look at each of them in detail.

Appendix 1

1. ROI Calculation (return on investment)

You can use this method to calculate the payback period for your investment. ROI is the ratio of the average increase in profit to the volume of investment. The calculation formula looks like this:

$$ROI = (P_{crm} - P) / Z \times 100\%,$$

where

Pcrm-profit received by the company when implementing CRM;

P is the profit obtained without the introduction of CRM;

Z – project implementation costs.

As a result, you will get an understanding of how long the invested funds will return to your business.

Appendix 2

Credit conditions offered by the bank

2. Calculation of NPS (customer loyalty index)

The customer loyalty index shows which % of your customers will recommend your product to friends and acquaintances. It is used to estimate the probability of repeated purchases. Do not forget to measure the indicator before the CRM implementation and after it, at least in 2-3 months.

The NPS index is measured using a survey of current customers. Ask them: "on a 10-point scale, what is the probability that you will recommend us to your family/friends/acquaintances?"

Make 3 groups depending on the rating they gave you.

Critics or dissatisfied (0-6 points) – customers who will not recommend you to anyone.

Neutral or passive (7-8 points) – customers who are satisfied, but are unlikely to recommend.

Supporters or promoters (9-10 points) – loyal customers.

Then the NPS is calculated using this formula:

$$\text{NPS} = (\text{number of supporters} / \text{total number of respondents}) - (\text{number of critics} / \text{total number of respondents}).$$

On average, you can decipher the results like this:

5-10% NPS-low loyalty rate

45% of NPS is a good indicator, but there is room to grow

50-80% of NPS is the undisputed market leader.

Counted? Now you can clearly see how the introduction of a CRM system has affected your NPS and draw conclusions from it.

Appendix 3

3. Automation of routine processes

Without difficult calculations, the payback and benefits of CRM implementation can be estimated by automating routine processes in the company.

Answer the following questions:

Has the lead conversion time increased?

What is the percentage of successful and failed transactions?

Is there an increase in new clients?

Has there been an increase in the average check?

Has the number of repeat purchases increased?

Have your marketing campaign expenses been optimized?