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St. Mary's University, Ethiopia

ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

Assessment of Customer Relationship Management Practices in Selected Private Banks (A comparative study)

By:

Meron Bogale

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DECLARATION

I, **Meron Bogle Bekele**, hereby declare that the thesis work entitled "Assessment of Customer Relationship Management Practices in Selected Private Banks (A comparative study)" submitted by me in partial fulfillment of the requirements for the award of the degree of master of Business Administration to St. Mary's University School of Graduate Studies Department of MBA-General , is the outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. The matter embodied in this thesis work has not been submitted for any degree in this or any other university to the best of my knowledge and belief.

Name _____

Signature _____

Date_____

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LIST OF ABBREVIATIONS AND ACRONYMS

DB: Dashen Bank

WB: Wegagen Bank

BOA: Bank of Abyssinia

CRM: Customer Relationship Management

SPSS: Statistical Package for the Social Sciences

ABSTRACT

This research has been studied customer relationship management practices (comparative study) in selected private banks in Addis Ababa, Ethiopia. Customer relationship management as a strategy has gained tremendous interest among researchers and practitioners in recent times. Thus, the study tries to assess the status and ways CRM has been put in to practice by selected Ethiopian private banks. In addition, this research considers different CRM dimensions such as trust, reciprocity, empathy, bonding and responsiveness. To achieve the objective of the study, primary data were collected through questionnaire from sample of 253 bank customers of Wegagen bank, Dashen bank and Bank of Abyssinia, Addis Ababa, Ethiopia. These respondents selected using simple random sampling technique. The data collected through questionnaire were analyzed using descriptive statistical analysis method and SPSS as a tool of data analysis. The result of the study indicated that, there are several loopholes; such as, lack of continuous supervision and monitoring in the quality of bank services, weakness in giving individualized attention to customers, heavy reliance on suggestion boxes to get feedback from customers, lack of technological advancement etc. In addition to the above findings, the common challenge of the selected banks is network interruption. The finding also suggests some measures which can be taken in to consideration in order to enhance CRM practices of the three selected banks. The study also clearly revealed that the five CRM dimensions are strongly related. Thus, from customers as well as management bodies of the three banks perspective, CRM has a significant influence on customer retention of the selected banks. Generally speaking the three banks are in need of doing a lot of CRM based customer focused practices. However, in implementing CRM in to practice, the selected banks had their own gaps. Comparing the selected private banks on their ability of implementing CRM practice, Dashen bank was found to be better implementer, followed by Bank of Abyssinia and Wegagen bank, respectively. Based on the findings of the study, the researcher forwards some recommendations as; continuous supervision on the quality of services, provision of training to employees, and recurrent research on customer needs may help the banks to achieve their objectives.

Key words: Customer relationship management, private bank.

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Definitions of terms

Bank: is financial intermediary and money creator that creates money by lending money to a borrower, thereby creating a corresponding deposit on the bank's balance sheet.

Monetary policy: is the process by which the monetary authority of a country controls the supply of money, often targeting an inflation rate or interest rate to ensure price stability and general trust in the currency

Customer: is the recipient of a good, service, product, or idea, obtained from a seller, vendor, or supplier for a monetary or other valuable

Customer Centric: placing the customer at the center of a company's marketing effort' focusing on customers rather than sales.

Bond: is an instrument of indebtedness of the bond issuer to the holders**.**

Bid bond: is issued as part of supply bidding process by the contractor to the project owner, to in hopes guarantee that the winning bidder will undertake the contract under the terms at which they bid.

Trust: is belief or conviction about the other party's intentions within the relationship

Reciprocity: is the dimension of a business relationship that enables either party to provide favors or   make allowances for the other in return for similar favors or allowances to be received at a later date

Empathy: is the ability to share, understand and feel another person's feelings in a relational situation.

<center>**CHAPTER ONE**</center>

<center>**INTRODUCTION**</center>

1.1. Background of the study

Modern banking in Ethiopia introduced was in 1905 and it began rendering banking services on February 15, 1906 when Emperor Menelik II officially opened the Bank of Abyssinia in Addis Ababa- months after he set up a national monetary system (based on Ethiopian Thalers) and signed a convention with the national bank of Egypt for establishing the Bank of Abyssinia (Bekele, 2011).

Since economic reform of 1992 under the new government, the existing government banks have been re-organized so as to operate based on market-oriented policy framework but with 100% ownership of the government. In addition to this, the new Ethiopian private-owned financial institutions are allowed to participate in the country's financial sector (Yaregal, 2011).

The Ethiopian government promulgated the monetary and banking proclamation No.83/1994 to liberalize the financial sector through reforms by bestowed banking laws that encourage the entry of private banks into the financial system in order to stimulate competition with the public banks which significantly promoted the development of the banking sector tremendously (Gebre, 2010). According to the above proclamation, many private banks are established in the country. Hence, taking into account, this research is sought to assess the CRM practice at three different banks; Dashen, Bank of Abyssinia and Wegagen Bank are the elder private banks in Ethiopia.

1.1.1. Dashen bank

Lulseged and Hussein (2005) noted that as per the intent of the new policy and the Ethiopian investment code Dashen bank came into existence on September 20, 1995 according to the rules and regulations of Commercial Code of Ethiopia, 1960, and the Licensing and Supervision of Banking Business Proclamation No. 84/1994.

Currently, Dashen Bank Share Company provides various banking services. Among the given services, the bank accepts deposits, which include current accounts, savings accounts, and youth schemes while its loan portfolio comprises agriculture, manufacturing, import/export, trade and services, building and construction, transport loans, overdraft for working capital, term loans for short

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and project finance, letters of credit facility, advance on import bills, revolving overdraft for export bills, merchandise loans, trade bills discounted, and export credit guarantee schemes, as well as letters of guarantee comprising advance, performance bond, bid bond. In addition, the bank offers local money transfer and wire transfer facilities, which include mail transfers, telegraphic or telephone transfers, local drafts, and cashier payment orders **(Dashen bank, www.dashenbank.com accessed April, 2016).**

1.1.2. Bank of Abyssinia

Bekele (2011) described that the present-day Bank of Abyssinia was established on February 15, 1996 (90years to the day after the first bank was established) with a subscribed capital of Birr 25 million, an authorized capital of Birr 50 million and a paid-up capital of Birr 25 million. Except the historic name the newly established private bank can not have any connection with the older bank.

Currently, the bank has a total of 84 branches. Therefore, given the above fact, Bank of Abyssinia provides commercial and private banking services. Among them, the bank offers current and saving accounts, time deposits, term loans, overdrafts, and letters of credit. Bank of Abyssinia was founded and is based in Addis Ababa, Ethiopia **(Bank of Abyssinia, www.bankofabyssinia.com accessed April, 2016).**

1.1.3. Wegagen Bank

Sisay. et al. (2011) stated that Wegagen bank was established in 1997 with a paid-up capital of 30 million birr, the highest initial capital at the time. Currently, it has a network of 102 branches of which 47 are in Addis Ababa and the remaining 55 are located in the other cities and towns of the country.

Currently, Wegagen Bank S.C. provides commercial and international banking services. However, among the given service the bank offers, various deposit products, including overdraft accounts, checking deposits, negotiable order of withdrawal accounts, zero balance accounts, escrow accounts, savings deposits, and fixed time deposits while its loan portfolio comprises term loans, merchandise loans, trade and service loans, agriculture production loans, manufacturing loans, building

construction loans, bridge loans, consumer loans, and automobile loans this is, therefore, given the above fact the bank also offers international banking services, forex bureau services, and local and international money transfer services are included **(Wegagen bank, www.wegagenbank.com accessed April,2016).**

1.2. Statement of the Problem

CRM is a management approach that enables organizations to identify, attract, and increase retention of profitable customers through improved relationship management (Hobby, 1999 cited in Ramkelawon, 2010). However, successful customer relationship management focuses on understanding the needs and desires of the customers and is achieved by placing these needs at the heart of the business by integrating them with the organization's strategy, people, technology and business processes (Pritesh et al., 2010).

Oogarah-Hanuman et al. (2011) have noted that many banks have used CRM tools to acquire more customers and to improve relationships with them. While, Banks are realizing that the magical formulae for attaining success in such a competitive environment is to focus on maintaining relationship with customers (Ramkelawon, 2010). Long-term customers are more likely to become a referral source and more comfortable with the service (Ramkelawon, 2010). The longer a relationship the better a bank can understand customer needs and it is a greater opportunity to retain with the service of the bank. A research by Reichheld and Sasser in the Harvard business review cited by Sehgal, 2009, confirmed that 5% increase in customer retention can increase profitability by 35% in banking business. However, Gilaninia et al. (2011) also proved that an old customer satisfied with the banking services is effective same as ten new clients in advertising and profitability of the bank.

According to Rouholamini & Venkatesh (2011) study on customer relationship management in Iranian banking industry, the practice of CRM is widely acknowledged as an important component of marketing management and corporate communication management processes in Iranian banks but unfortunately applications of CRM are not favorable.

There are several loopholes in the existing tactical CRM strategies in the Indian banking sector (Oogarah-Hanuman et al., 2011). Due to this gap customers are lost through different services that they got in the competitive environment (Oracle, 2002 cited in Rouholamini & Venkatesh,

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2011).They also added that, in a competitive market where price is not a differentiator, providers of banking service can switch customers through different services.

Customer relationship management practice has enormous problems in the banking industry. This is supported by Mishra et al. (2011), that the banking sector is facing enormous challenges of attracting the new customers and retaining the existing ones.

However, in today's banking environment, it is becoming difficult to build and maintain strong and lasting relationships with customers (Oogarah-Hanuman, 2011). A study conducted on imperatives of customer relationship management in Nigeria banking industry proves that customers have experienced challenges ranging from delay, stock out, non-availability of staff at service points, unprofessional conduct or rudeness by the staff of the bank, poor standard of records or improper information, failed promises among others (Ogbadu and Usman, 2012).

Now days, in Ethiopia the banking industry increases from time to time; as a consequence users have many choices to prefer and as a result of this they are focusing on the quality of service. In Ethiopia, many customers voice concerns about inefficiency and lack of quality in the banking sector (Gebre, 2010).

To be competitive in the prosperous market, CRM practice is the fashionable solution. But researches (Nijholt and Benders (2007, p. 649) note) that have been conducted in the banking industry both by academicians and practitioners, focus on the transactional marketing rather than what a specialist in marketing says. This is, therefore, as Tamilarasan (2011) says, when one wants to evaluate the effectiveness of CRM, one has to consider the voices of customers which help to improve customer satisfaction and loyalty than evaluating CRM programs based on other criteria. As a result, customer perception feedback regarding the service level of private banks is essential in retaining existing customers and attracting potential ones. Hence, taking this into account, this research would like sought to identify and assess the customer relationship management practice at three different private banks; Dashen bank Gurdsholla area branch, Wegagen bank Megenagna branch and Bank of Abyssinia Megenagna branch.

Research questions

This research intended to address the following questions:

1. What CRM practices are being implemented in the banks?

2. How do the banks differ in their CRM practices (how do they compare with one another)?

3. How do customers perceive the CRM practices of the banks?

4. What challenges are faced by the banks in implementing CRM?

The five common CRM dimensions will consider in the study are trust, reciprocity, empathy, bonding and responsiveness.

1.3. Objectives of the study

1.3.1. General objective

The general objective of the study is to assess customer relationship management practices with a special reference to selected private banks at Addis Ababa town.

1.3.2. Specific objectives

1. To assess whether customer relationship management practices are being implemented in the banks or not.

2. To identify the banks difference on their customer relationship management practices.

3. To assess customers perception on the banks' customer relationship management practices.

4. To assess the challenges of customer relationship management applications.

1.4. Significance of the study

Banks invest large amount of money to retain existing customers as well as to acquire new customers with the intention of achieving their profitability. But to achieve this without proper customer relationship management their investment is meaningless. Therefore, the finding and recommendations of the research may significantly contribute to the private banks:-

   i. To arrange their CRM practice in order to achieve their profit motives.

ii. Help the private bank to know the perception of their customers related to their service.

iii. The study will try to indicate problem areas to be researched in future time for interested researchers.

1.5. Scope and limitation of the study

1.5.1. Scope of the study

CRM practices are measured under different dimensions, for this study, the relevant dimensions that trust, reciprocity, empathy, bonding and responsiveness are examined.

The target groups of the population were taken from customers of the selected private banks that engaged in import business and user of credit facility. Of these customers, the sample size has determined by using formula from published article that is relevant to the study.

Based on the broader nature of the research, the study was limited to selected private banks of Dashen Megenagna area branch, Wegagen Megenagna branch and Bank of Abyssinia Megenagna branch, in Addis Ababa city. The city was selected for the study area because there are number of business persons who can be a source of lesson for others.

1.5.2. Limitation of the study

Conducting a research is bounded by a lot of constraints. This research has some limitations hat hinder from making detail investigation of the research;

Customers of Dashen bank, Wegagen bank and Bank of Abyssinia Megenaga branch deliver banking services for large number of customers. To achieve the objective of the study, the researcher limited to customers of import business and borrowers of those selected private banks. Other branches are excluded because either they are not rendering the service under study or they did not operate for more than five years.

At last, this research focused on comparative study on assessing CRM practice of the selected private banks. Although technologies have their own impact in CRM practice, for this study, the effect of technology in relation to customer relationship management are not incorporated.

1.6. Organization of the study

The research paper was structured in the following way. Chapter one deals with introduction part. The second chapter deals with review of related literature. The third chapter deals with research methodology. The fourth chapter also deals the research analysis with its discussion part. The last chapter point out the essential summary of the research finding as conclusion with its recommendation.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Customer Relationship Management:

Different organizations define CRM differently (Chopra et al., 2012). For the study purpose it is defined as the utilization of customer-related information or knowledge to deliver relevant products or services to customers (Blery and Michalakopoulos, 2006). Others also defined CRM as a managerial philosophy that seeks to build long term relationships with customers (Berndt et al., 2005). Another definition describes CRM as a simple philosophy that places the customer at the heart of a business organization's processes, activities and culture to improve his satisfaction of service and, in turn, maximize the profits for the organization (Agarwal, 2009).

Today, banks have realized the importance of CRM and its ability to retain existing customers and thereby maximization of customer lifetime value (Tamilarasan, 2011). Thus, Rouholamini & Venkatesh (2011) says the relationship between banking and CRM practices is such that nowadays it is almost impossible to think of the former without the latter. This indicates that they are inseparable.

It has been observed by Blery and Michalakopoulos (2006) that CRM helped the bank to come closer to its customers and emphasis was given to customers instead of sales. Also, Rigby et al. (2003) added that, Customer Relationship Management is, above all, about building a relationship with your most valuable customers.

Chang (2007) stated that CRM involves a concerted effort to improve customer identification, acquisition, and retention in addition to this; it aims to improve customer satisfaction, boost customer loyalty, and consequently increase revenues from existing customers. Thus, CRM involves new and advance marketing strategies which not only retain the existing customers but also acquire new customers (Jasola and Kapoor, 2008). Therefore, maintaining good CRM practice helps to retain existing customers and attract potential customers of the bank.

The first step towards successfully winning, retaining and growing the profitability of private banking customers is to understand what their wants and needs are so the organization can be built around serving those needs (Pritesh et al., 2010). One of the original big ideas in marketing is that for firms to stay in existence, they should not focus on selling products but rather on fulfilling needs (Levitt, 1960 cited in Boulding et al., 2005). To do this you need to know your customers well enough to determine what kind of relationship they want to have (Rigby et al., 2003). In other words, successful customer relationship management focuses on understanding the needs and desires of the customers and is achieved by placing these needs at the heart of the business by integrating them with the organization's strategy, people, technology and business processes (Agarwal, 2009). Understanding what their wants and needs is necessary so the organization can build the service around those needs (Pritesh et al., 2010). But, its failure is due to improper conception and implementation of CRM practices (Tamilarasan, 2011).

2.2. The benefits of customer relationship management

In banking industry banks can get benefits either through technology or through marketing perspectives. The benefits of CRM practices and their motives stem from the establishment of a client-oriented bank management that, in turn, leads to the achievement of market competitive advantages (Mylonakis, 2009). Blery (2006) mentioned some of the other benefits from the implementation of CRM are: it reduced costs (one supplier with a long-term relationship), decreased complexity (a common platform for all the bank decreased the need for integration, offered one contact point and decreased the need for technical support) and improved operations (increased employees' capabilities, decreased the problems of maintenance and support because of the unique platform). The research will focus in marketing perspective. Therefore, the benefit of CRM in marketing approach can describe here under. Agarwal (2009) described that a relationship-based marketing approach has the following benefits. These include:
- ➢ Overtime, retail bank customers tend to increase their holding of the other products from across the range of financial products / services available
- ➢ Long-term customers are more likely to become a referral source.

> ➢ The longer a relationship continues; the better a bank can understand the customer and his/her needs & preferences, and so greater the opportunity to tailor products and services and cross-sell the product / service range.
> ➢ Customers in long-term relationships are more comfortable with the service, the organization, methods and procedures. This helps reduce operating cost and costs arising out of customer error.

According to Gifford (2002) as cited by Ogbadu and Usman (2012), states that there are significant business benefits derivable from an integrated customer relationship management approach. Those benefits are:-

> ➢ It reduces costs, because the right things are being done (i.e., effective and efficient operation).
> ➢ It increases customer satisfaction, because they are getting exactly what they want (i.e., exceeding expectations).
> ➢ It ensures that the focus of the organization is external.
> ➢ Growth in number of customers.
> ➢ Maximization of opportunities (i.e., increased services, referrals etc).
> ➢ Increase access to a source of market competitor information.
> ➢ Highlighting poor operational processes.
> ➢ Long term profitability and sustainability.

2.3. The major challenges that banks face in implementing CRM

The banking industry is facing an ever-increasing level of competition around the world as the dynamics of the business change (Pokharel). Therefore, any bank that wishes to either grow in size of its banking operation or improve its profitability must consider the challenges affecting its customer relationship (Kumar & Rajesh, 2009 cited in Das, 2012). Because knowing CRM challenge can help in finding the true solutions.

CRM is a sound business strategy to identify the bank's most profitable customers and prospects, and devotes time and attention to expanding account relationship with those customers through individualized marketing, reprising, discretionary decision making, and customized

service through the various sales channels that the bank uses (Das, 2012). Despite many benefits, CRM is exposed to various problems as discussed in the following lines (Chary and Ramesh, 2012).

1. Building and maintaining a customer database require a large investment in computer hardware, database software, analytical programmer's communication links and skilled personnel.

2. It is difficult to collect the right data, especially to capture all the occasions of company interactions with the individual customers.

3. The difficulty of getting everyone in the company to be customer-oriented and to use the available information. Employees find it far easier to carry on with the traditional transaction marketing than to practice CRM.

4. The other problem is that not all customers want a Relationship with the company and they may resent knowing that the company has collected that much personal information about them.

5. Marketers must be concerned about customer attitudes towards privacy and security.

2.4. Traditional marketing and Modern relationship marketing

The modern CRM theory refers to the idea of integrating the customer: this new way of looking at the business involves integrating the customer (more precisely the customer's relevant people and processes) into all aspects of the supplier's business, however the traditional approach to customer relationships was based on a simple transaction or trade, and little more, one person on each side (Ogbadu and Usman, 2012). There are many distinctive factors between traditional marketing and modern relationship Marketing (Chary and Ramesh, 2012). According to them they are:-

Traditional marketing	Modern relationship marketing
☐ Focus is on single sale	☐ Focus is on customer retention
☐ Orientation on product features	☐ Orientation is on product benefits
☐ Little emphasis on customer service	☐ High emphasis on customer service
☐ Limited commitment for customers	☐ High commitment for customer
☐ Moderate contact with customers	☐ High contact with customers
☐ Quality is primarily a-concern of product departments	☐ Quality is the concern of all departments of the organization

2.5. Customer satisfaction

Agarwal (2009) point out that CRM is a simple philosophy that places the customer at the heart of a business organization's processes, activities and culture to improve his satisfaction of service and, in turn, maximize the profits for the organization. Thus, customer satisfaction forms the basis for the enhancement of mutually beneficial relationship between customers and banks (Rouholamini & Venkatesh, 2011). They also added that customer satisfaction can be attributed to factors like satisfaction with the frontline employees, the core service or the organization as a whole.

Customer satisfaction has for many years been perceived as key in determining why customers leave or stay with an organization (Cohen et al., 2006). Customers are becoming more individualistic quality conscious and impulsive in their buying behavior that demands a complete range of products and services under one roof in order to optimize their satisfaction (Chopra et al., 2012).

A customer always wants something and expects that the bank should come up to the level to fulfill those needs (Mishra et al., 2011). Individual clients need, can be satisfied by customizing the banks product, service and communication. It is supported by Berndt et al. (2005) customization is carried out by the organization in order to ensure that customer needs are met, to address the specific needs and profile the customer, and organization also makes use of personalization as part of this process. This would not only ensure better customer relations but also loyalty among them, which is very critical and important in today's competitive world (Agarwal, 2009).

Customer satisfaction and loyalty are inseparable to each other. Oogarah- Hanuman et.al (2011) supported that, customer satisfaction and loyalty are some key elements of business success and profitability thus the more satisfied the customer, the more loyal the customer and the more durable the relationship. Lastly, it is understood that customer satisfaction is very important for the aim of CRM practice of the banking industry.

2.6. Customer retention

Customer retention is increasingly thought of as an important managerial issue, especially in the context of saturated market or lower growth of the number of few customers (Ghavami & Olyaei, 2006). Cohen et al. (2006) have noted that customer retention is potentially an effective tool that banks can use to gain a strategic advantage and survive in today's ever-increasing banking competitive environment. Thus, organizations need to focus on existing customers in order to ensure that they continue purchasing and continue supporting the product (Berndt et al., 2005). Thus, at this time, close relationship with customers will require a strong coordination between banks and its marketing departments to provide a long-term retention of selected customers (Chary and Ramesh, 2012).

Rust and Zahorik (1993) as cited by Cohen et al. (2006), the financial implications of attracting new customers may be five times as costly as keeping existing customers. Doing so significantly helps to reduce the cost of the organization. According to Rouholamini & Venkatesh (2011), several research show that customer acquisition costs 5 to 7 times higher than customer retention costs. Thus, since revenues increase with incremental improvements in customer retention, the ultimate goal of a professional services firm should be to retain customers (Crutchfield, 2001). However, this is only achieved when you are providing excellent customer service, which then turns in to Customer loyalty (Ghavami & Olyaei, 2006). Thus, retaining an existing customer has beneficiary to the organization than attracting new once. Villanueva and Hanssens (2007) cited by *Parker et al. (2009)* clearly stated the following five customer retention benefits. Those benefits are:-

1. It is cheaper to retain customers than to acquire them.

2. The costs of serving long-life customers are less than those of serving new customers.

3. Long-life customers improve the reputation of the company and attract new customers through word-of-mouth advertising.

4. Long-life customers are less price sensitive than new customers and are therefore more willing to pay higher prices in some cases.

5. Long-life customers are more likely to buy more from the company so the company can increase their share-of-wallet through up-selling and cross-selling.

Therefore, the above benefit proof that long-life customers are means of profit to the organization and they can attract potential customers through their formal and informal communications.

2.7. Customer loyalty

Customer loyalty, as we conceptualize it, focuses on a customer's repeat purchase behavior that is triggered by a marketer's activities (Hennig-Thurau et.al, 2002). Therefore, loyalty is the result of developing past passive experiences with an individual and having that person returned back to you various times due to these experiences (Ghavami & Olyaei, 2006). Cultivating loyal customers is frequently argued to be the single most important driver of organizations' long-term financial performance, which can lead to increased sales and customer share, lower costs, and higher prices (Alrubaiee and Al-Nazer, 2010).

The rationale behind CRM is that it improves business performance by enhancing customer satisfaction and driving up customer loyalty (Roberts-Lombard, 2011). Thus, loyalty leads them to retain with the organization. Customer retention improves profitability principally by reducing costs incurred in acquiring new customers (Cohen et.al, 2006). Therefore, we can say that they are faithful to the business because of their return again & again to do business with the organization.

2.8. Private banking and CRM practice

According to Oogarah-Hanuman et.al (2011), customer relationship management has been as important to the banking industry at the start of the 21st century as it has been to any other industry. Chothani et al. (2010) described that private banking sectors are traditionally viewed themselves as exceedingly 'customer centric' offering what they believe to be highly personalized services to the high net worth Customers. It is supported by Muhammad and ul Haq (2012) that, private sector Banks seem to have satisfied its customers with good services and they have been successful in retaining their customers by providing better facilities than public sector banks though still private banks need to go a long way to become customer's first preference.

2.9. Customer experiences

The only real sustainable business growth strategy is through a mutualistic symbiotic relationship with customers, which allows the business to understand the customers' needs more clearly and to create and deliver superior value (Roberts-Lombard, 2011). In service industry especially private banks, the secret towards successfully winning, retaining and growing the profitability of private banking customers is to understand what their wants and needs are, so that the organization can be built around serving those needs (Chothani et al., 2010). In addition to this, Boulding et.al (2005) has also added that an underlying premise of CRM is that customers have different needs, and thus the firm should treat them differently. Therefore, to mention some, customers are needed advice and expertise which is directly related to their needs, consistent quality service, value added advice and others.

2.10. Breakdown of customer relationship management

CRM has been a part of marketing literature since more than a decade (*Das and Garg, 2010*). However, marketing strategies both influence and are influenced by consumers' affect and cognition, behavior and environment (Kantidas, 2012). Therefore, to achieve its marketing strategy it helps to use CRM as a strategy which enables the banks to analyze the customer profiles, to direct their needs to the potential profitability areas and establish the necessary actions to achieve customer satisfaction, competitive advantage and thus the profitability (Ogbadu and Usman , 2012).

According to Mylonakis (2009), CRM is a business strategy designed to help enterprises meet the expectations of their existing or prospective customers and build a strong business relationship with them over time. In addition to the above strategy Chary and Ramesh (2012) also added that the major objective-cum-meaning of CRM is "to turn current and new customer into regularly purchasing clients and then to progressively move them through being strong supporters of the company and its products and finally being active and vocal advocate for the company in the market. Das (2009) described that any discussion on RM would be incomplete without referring to CRM.Some of the researchers have used both the terms almost

interchangeably (Sin et al., 2005 cited in Das, 2009). Therefore, to describe their similarities, Agarwal (2009) says that customer relationship management is the establishment, development, maintenance and optimization of long-term mutually valuable relationships between consumers and the organizations. Whereas, *Lindgreen (2001)* explained to relationship marketing as it is focused in establishment, maintaining, and enhancing relationships with customers and other partners at a profit so that the objectives of the parties involved are met. From the above explanation we can see that the definition and objective of customer relationship management and relationship marketing are almost related each other. This is, therefore, the model developed by Lindgreen (2001) to classify the various disciplines in RM has been adapted & modified to use as CRM model. Lindgreen's model is also used by Kallol Das (2009).

With regard to objectives of CRM, it has been defined in terms of customer satisfaction, customer delight, customer share, customer retention, and loyalty. All of these represent the attainment of ongoing relationship development objectives. Regarding defining constructs, CRM has been characterized in terms of trust, commitment, cooperation, communication, share values, conflict, power, non-opportunistic behavior and interdependence. With regard to instruments, CRM has achieved its objectives through direct marketing, database marketing, quality management and the like.

In addition to the above breakdown of CRM, there were a lot of research papers in the online databases pertaining to privacy, cultural impact, impact of gender, impact of technology, impact of societal marketing, and others that were classified as issues as they represented topics which will be directly impacted by or having an impact on CRM (Das, 2009).

2.11. Dimensions of customer relationship management

Researchers divide different mechanisms of customer relationship management into internal and external programs (Ghafari et al., 2011). According to them internal programs emphasize on organizational structure, culture and knowledge management while external programs include interactive activities with customers (for example information exchange with the customer or involving him/her). Thus, based on this the present paper has been focused on external programs of customer relationship management. This is, therefore, although CRM practices are measured

under different dimensions but for this study the relevant dimensions are trust, reciprocity, empathy, bonding and responsiveness.

2.11.1. Trust

Trust is defined as a belief or conviction about the other party's intentions within the relationship (Taleghani et. al., 2011). Thus, trust plays a major role in separating purely economic actions from those that have a social nature such as with professional services (Crutchfield, 2001). Good relationships and trust are built over time, with give and take on both sides, and not too much pressure (Rigby et. al, 2003). We conceptualize trust as existing when one party has confidence in an existing partner's reliability and integrity (Morgan and Hunt 1994).

Trust can lead to commitment, which can in turn lead to long-term cooperation between the two sides involved in a relationship (Hunt and Morgan, 1994). Therefore according to these authors, trust permits firms to lessen or avoid dependence on expensive formal controlling mechanisms to maintain their partnerships.

2.11.2. Reciprocity

Reciprocity is the dimension of a business relationship that enables either party to provide favors or make allowances for the other in return for similar favors or allowances to be received at a later date (Chattananon & Trimetsoontorn, 2009 cited in Taleghani et. al., 2011).

2.11.3. Empathy

Velnampy and Sivesan (2012) stated that empathy can be viewed as the ability to share, understand and feel another person's feelings in a relational situation. Thus, it is the dimension of a business relationship that enables two parties to see a situation from the other's perspective. Empathy is the ability to see a situation from another person's perspective (Wang, 2007 cited in Taleghani et. al., 2011). Taleghani et. al., (2011) added to the above fact that empathy is defined as seeking to understand somebody else desires and goals.

Other writers also described to empathy (including access, communication, understanding the customer) – as caring and individualized attention that the firm provides to its customers (Kheng et. al., 2010). Therefore, Empathy is the care and importance the service provider gives to an individual customer and the degree to which specific customer needs and preferences can be understood and articulated (Taiwo et.al. 2011).

2.11.4. Bonding

As per Taleghani et. al., (2011), bonding is defined as the dimension of a business relationship that results in two parties (the customer and the supplier) acting in a unified manner toward a desired goal. They added that in the dyadic relationship of a buyer and a seller, bonding can be described as a dynamic process that is progressive over time.

If CRM practices are conceived and implemented properly, it will enable companies to retain customers for life, get maximum value out of each customer and generate exemplary customer bonding (Tamilarasan, 2011). The bonding process begins with the very basic force of the need for a seller to find a buyer for their product, and the desire for a buyer to purchase a product that will satisfy their needs. Various bonds exist between parties and indicate different levels of relationships.

2.11.5. Responsiveness

Responsiveness is Willingness to help customers and provide prompt service (Ananth et.al. 2010; Kheng et. al., 2010). Responsiveness is the willingness to support customers and provide them immediate services right on demands. However, Taiwo et. al. (2011) described that responsiveness is the degree to which customers perceive service providers' readiness to assist them promptly.

2.12. Conceptual Framework

Callaghan et al. (1995) cited by Kojo, disclosed that trust, reciprocity, empathy, bonding and responsiveness are dimension of customer relationship management. Kojo applied the above

dimension to measure customer relationship marketing. However, according to Das (2009), any discussion on RM would be incomplete without referring to CRM. Therefore, this shows that CRM and RM have a strong similarity. Sin et al., 2005 cited by Das, 2009 support the above argument as CRM and RM are focused on individual buyer-seller relationships, accept that these relationships are longitudinal in nature, and that both parties benefit in the process. Das added that CRM can be regarded as, to some extent, a subset of RM.

The view of the conceptual framework and the relationship among the variables are as shown below:
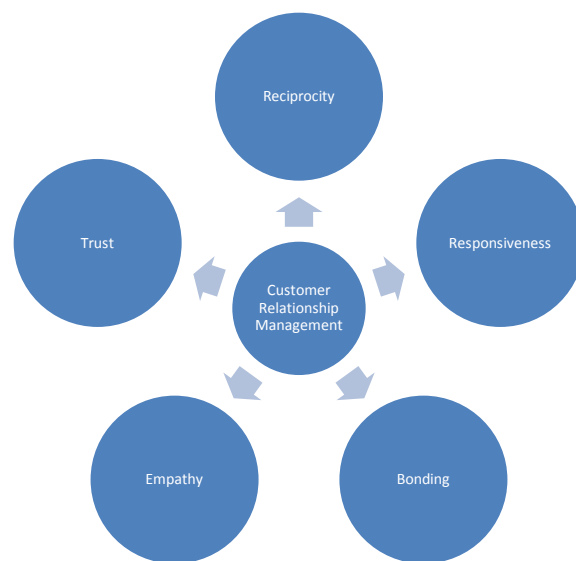
Source: Own Construction (2016)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research design

According to Chopra *et al.* (2012) research design is the conceptual structure within which research is conducted. They specifically indicated that "a research design is the arrangement of condition for collecting and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure". A research design is the arrangement for a precise statement of goals and justification.

Zegeye et al. (2009) stated that the goal of descriptive research is to describe some aspect of a phenomenon, i.e., the status of a given phenomenon. However, although some people dismiss descriptive research as `mere description', good description is fundamental to the research enterprise and it has added immeasurably to our knowledge of the shape and nature of our society (Vaus, 2001). He further argued that good description provokes the `why' questions of explanatory research. Therefore, according to the above fact the researcher uses descriptive research design in order to describe the assessment of CRM practices of the selected private banks. To do so the researcher data were collected through questionnaire and interview.

As said by Zegeye et al. (2009), surveys collect data at a particular point in time with the intention of describing the nature of existing conditions, or identifying standards against which existing conditions can be compared, or determining the relationships that exist between specific events. Therefore, to assess CRM practices the selected private banks of Dashen Megenagna area branch, Wegagen Megenagna branch and Bank of Abyssinia Megenagna branch were carried out.

3.2. Types and sources of data

The study mainly depends up on primary source of data. Primary data were collected from customers of the three selected private banks through questionnaire. In addition to this the

researcher conducted an interview with the higher officials (branch manager and assistant branch manager) of the selected private banks.

3.3. Population of the study

The researcher selected its population size from customers of Dashen Megenagna area branch, Wegagen Megenagna branch and bank of Abyssinia Megenagna branch with the following parameters.

Customers should have a bank account in the selected private banks at the same time they have to be engaged in either importing business or users of credit facilities of the selected private banks of Addis Ababa city. They are considered as target population size of the comparative research study because they are multi users of the selected private banks.

The population sizes of the selected private banks are presented here under:-

Bank name	Number of Importers	Number of borrowers	Total
Dashen	50	220	270
Wegagen	19	254	273
Abyssinia	46	100	146
TOTAL			689

Source: From credit department and international banking department of the aforementioned Private Banks as of May 30, 2014.

3.4. Sample size and sampling technique

From the total population size of 689 customers 253 sample of respondents were taken from the study area of the selected private banks. Yamane (1967:886) cited in Israel (1992) which is revised on April 2009 and again reviewed on June 2012 provides a simplified formula to calculate sample sizes.

Assumptions

A 95% confidence level, and e = ±5%

$$n = \frac{N}{1 + N(e)^2}$$

Where:-

n = the sample size

N = the population size

e = the level of precision (Sampling error)

$$n = \frac{N}{1 + N(e)^2} = \frac{689}{1 + 689(0.05)^2} = 253$$

The 253 sample customers are distributed among the selected private banks in their proportion.

Bank name	Total	Proportion (%)	Sample size
Dashen	270	39	99
Wegagen	273	40	101
Abyssinia	146	21	53
Total	689	100	253

The study used simple random sampling technique. This helps to give each and every customer in the target population an equal chance of inclusion in the sample.

The 253 Sample customers were selected using simple lottery method. This method helps to get better representativeness of the whole target customers of the above mentioned private banks.

To protect double counting, if a customer filled a questionnaire in one of the selected private banks he/she was not allowed to fill in another study area. This was by the researcher himself.

In addition to the above technique, the study used semi structured interview to get information from management body of the selected private banks (That is Branch manager and Assistant branch manager of each bank).

3.5. Data collection Instruments and procedures
3.5.1. Data Collection

The data were collected through questionnaire and interview method to generate primary data of the study. So, structured questionnaire and structured interview were used as a tool of data collection process of the study.

A 5 - point likert scale questionnaire was distributed and collected by the researcher. This helps to assure customers' response, which will keep confidential by the researcher. But if it is distributed by the researcher and collected by another person the respondents will get confused and it is difficult to get real information. So, to protect this confusion the questionnaires were distributed and collected by the researcher himself.

3.5.2. Data processing and analysis techniques

The data collected were analyzed using qualitative and quantitative data analysis techniques. The qualitative data were analyzed using content analysis; that is items were identified, categorized and grouped. Based on their group the data were interpreted. However, the numerical data was analyzed using SPSS (statistical packages for social science) software program. In addition to this, the data was analyzed through cross-tabulation and the significance of the CRM variables were also tested through correlation. The analytical tool is also supported using frequency and percentage techniques. The final results of the study are presented by using tables.

CHAPTER FOUR
DATA PRESENTAION, ANALYSIS AND INTERPRETATION

4.1. Introduction

The primary focus of the study is to assess Customer Relationship Management Practices at selected private banks such as Wegagen bank, Dashen bank and Bank of Abyssinia Megenaga branch, in Addis Ababa. Therefore, this chapter presents the analysis for the responses that were received from the questionnaires distributed to customers of the selected private banks on their customer relationship management practices. The researcher was able to get back two hundred nineteen (219) out of the 253 questionnaires administered to the customers of the sampled banks giving an 86.56% response rate. On the whole, data collection lasted a total of seven (7) weeks. This was done in order to obtain a larger response rate. Of the two hundred fifty three (253) questionnaires distributed, thirty-four (34) questionnaires were not returned at all and thus not included in the analysis. At the end of the editing, all the returned questionnaires were successfully processed for the analysis.

The scale items were developed from previously suggested and validated measures in many researches and carefully restated to reflect the characteristics of CRM in banking. The analysis is done in line with the research questions and objectives set in the proposal and it is presented in the form of tables as well as graphs in order to give better explanations. All tables as well as graphs in the analysis are generated from survey data through the SPSS 16 (statistical package for social studies) after being coded. However, in addition to the SPSS version excels spreadsheets are used to make the necessary calculations.

4.2. Demographic characteristics of respondents

This aspect of the analysis deals with the basic data on the respondents of the questionnaires sent to them. The basic data comprise of the respondents sex, age, educational background, the number of years spent with the bank and their frequent usage of the bank service. The table below shows the details of the respondents' demographic data.

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4.2.1. Wegagen bank Megenaga Branch

4.2.1.1. Demographic Characteristics of Respondents: Wegagen Bank S.co.

Table 4.1: Demographic Characteristics of Respondents of Wegagen bank

Parameters		Frequency	Percentage	Cumulative Percentage
Gender	Male	55	57.3	57.3
	Female	41	42.7	100
	Total	96	100	
Age	18-27	8	29.2	29.2
	28-37	41	42.7	71.9
	38-47	7	17.7	89.6
	48-57	8	8.3	97.9
	>8	2	2.1	100
	Total	96	100	
Education	Primary School Completed	10	10.4	10.4
	Secondary School Completed	22	22.9	33.3
	Certificate	8	8.3	41.6
	Diploma	29	30.2	71.8
	Degree and above	27	28.2	100
	Total	96	100	
Years of relationship	[0-3]	41	42.7	42.7
	[3-5]	16	16.7	59.4
	[5-7]	17	17.7	77.1
	[7-9]	13	13.5	90.6
	>9	9	9.4	100
	Total	96	100	
Frequency of usage	1-3 times a week	74	77.1	77.1
	4-6 times a week	16	16.7	93.8
	1-3 times in 2 weeks	4	4.2	98
	1-3 times in 3 weeks	1	1	99
	1-3 times in 4 weeks	1	1	100
	Total	96	100	

Source: Own survey data, 2016

The above table shows us that the demographic characteristics of respondents for Wegagen Bank, Megenaga branch. Out of 101 questionnaires distributed to respondents, a total of 96 questionnaires were properly filled and collected, of which 57.3% were males and 42.7% females. It is evident from the table that majority of bank users were found to be between the age group 28-37(47.7%). Respondents with age group between 18 up to 27 and 38 up to 47 years

account for 29.2% and 17.7%, respectively. The rest 8.3% and 2.1% are respondents in the age group between 48 up to 57 and greater than 58 years respectively. Considering the education level of respondents, most of them have a university education or more (58.4%), which is more than half of the sampled customers. With regard to length of relationship with their bank, 42.7% of respondents have less than 3 years of relationship, 16.7% have 3 to 5 years of banking relationships, 17.7% have 5 to 7 years banking relationships, and 13.5% have 7 to 9 years banking relationships and the rest 9.4% of them have been with the bank for more than 9 years.

The table also shows us that 57.3% of the respondents have more than three years banking experience. The longer the customer stayed with the bank, the stronger the relationship he/she develops with it. From this we can infer that customers at WB have a good banking experience to judge the bank service. The above table illustrates that more than three fourth of respondents (77.1%), have 1 to 3 times a week bank usage, 16.7% have 4 to 6 times a week bank usage. The rest 4.2%, 1% and 1% of the respondents are 1-3 times in 2 weeks, 1-3 times in 3 weeks and 1-3 times in 4 weeks bank usage, respectively. From this fact we can understand that 93.8% of the respondents are visiting the bank one to six times in a week. It also shows that WB is effective and in a good track in retaining existing customers in line with attracting new ones.

Table 4.2: Frequency of bank usage by age for Wegagen bank

Count	Age of the respondent					Total
	Age between 18 & 27	Age between 28 & 37	Age between 38 & 47	Age between 48 & 57	Age between 58	
How frequent do you use the bank's service? Please state in week's						
1 to 3 times in a week	21	32	12	7	2	74
4 to 6 times in a week	3	7	5	1	0	16
1 to 3 times in two weeks	3	1	0	0	0	4
1 to 3 times in three weeks	0	1	0	0	0	1
1 to 3 times in four weeks	1	0	0	0	0	1
Total	28	41	17	8	0	96

Source: Own survey data, 2016

Comparing the age of respondents with frequency of bank service usage for Wegagen bank (Table 4.2), majority of sample respondents were found to be below 47 years old.

4.2.2. Dashen bank Megenaga branch

4.2.2.1. Demographic Characteristics of Respondents: Dashen Bank S.co.

Table 4.3: Demographic Characteristics of Respondents of Dashen bank

Parameters		Frequency	Percentage	Cumulative Percentage
Gender	Male	49	62.0	62.0
	Female	30	38.0	100
	Total	79	100	
Age	18-27	23	29.1	29.1
	28-37	24	30.4	59.5
	38-47	23	29.1	88.6
	48-57	6	7.6	96.2
	>8	3	3.8	100
	Total	79	100	
Education	Primary School Completed	10	12.7	12.7
	Secondary School Completed	16	20.3	33.0
	Certificate	4	5.1	38.1
	Diploma	31	39.2	77.3
	Degree and above	18	22.7	100
	Total	79	100	
Years of relationship	[0-3]	21	26.6	26.6
	[3-5]	24	30.4	57.0
	[5-7]	14	17.7	74.7
	[7-9]	12	15.2	89.9
	>9	8	10.1	100
	Total	79	100	
Frequency of usage	1-3 times a week	59	74.7	74.7
	4-6 times a week	7	8.9	83.6
	1-3 times in 2 weeks	4	5.1	88.7
	1-3 times in 3 weeks	5	6.3	95.0
	1-3 times in 4 weeks	4	5.0	100
	Total	79	100	

Source: Own survey data, 2016

The above table shows us that the demographic characteristics of respondents for Dashen bank, Megenaga branch. Out of 99 questionnaires distributed to respondents, a total of 79 questionnaires were properly filled and collected, of which 62.0% were males and 38.0%

females. It can be said from the survey that, most of the banks customers are between the ages of 18 and 47. This is derived from the fact that the age range of 18-27, 28-37 and 38-47 when put together will amount to 88.6%. On the education level of sampled customers, most of them have had a university education or more, this fraction of the customers were 61.9% which is more than half of the sampled customers.

Therefore this suggests that CRM can be well assessed from this kind of customers better through questionnaire. With regard to length of relationship with their bank, 26.6% of respondents have less than 3 years of relationship, 30.4% have between 3 to 5 years of banking relationships, 17.7% have between 5 to 7 years banking relationships, 15.2% have between 7 to 9 years of banking relationships, and the rest 10.1% of them are remain credible to banks for more than 9 years. The table also shows us that 57.0% of the respondents have less than five years banking experience. The above table illustrates also that, more than three fourth of respondents (74.7%), have 1 - 3 times a week bank usage, 8.9% have 4 - 6 times a week bank usage. The rest 5.1%, 6.3% and 5.0% of the respondents are 1-3 times in 2 weeks, 1-3 times in 3 weeks and 1-3 times in 4 weeks bank usage, respectively.

Table 4.4: Frequency of bank usage by age for Dashen bank

Count	Age of the respondent					
	Age between 18 & 27	Age between 28 & 37	Age between 38 & 47	Age between 48 & 57	Age between 58	Total
How frequent do you use the bank's service? Please state in week's						
1 to 3 times in a week	16	15	20	5	3	59
4 to 6 times in a week	2	3	1	1	0	7
1 to 3 times in two weeks	0	3	1	0	0	4
1 to 3 times in three weeks	2	3	0	0	0	5
1 to 3 times in four weeks	3	0	1	0	0	4
Total	23	24	23	6	3	79

Source: Own survey data, 2016

Regarding the age of respondent with the frequency usage of bank service for Dashen bank (Table 4.4), it illustrates that, age group between 28 and 37 were more frequent user than the other age groups. Therefore, we can infer that when the age of Dashen bank customers is above 37 years old their frequency of bank usage becomes lesser and lesser.

4.2.3. Bank of Abyssinia Megenaga branch

4.2.3.1. Demographic Characteristics of Respondents: Bank of Abyssinia S.co.
Table 4.5: Demographic Characteristics of Respondents of Bank of Abyssinia

Parameters		Frequency	Percentage	Cumulative Percentage
Gender	Male	29	64.4	64.4
	Female	16	35.6	100
	Total	45	100	
Age	18-27	14	31.1	31.1
	28-37	18	40.0	7.1
	38-47	9	20.0	91.1
	48-57	3	6.7	97.8
	>8	1	2.2	100
	Total	45	100	
Education	Primary School Completed	5	11.1	11.1
	Secondary School Completed	10	22.2	33.3
	Certificate	4	8.9	42.2
	Diploma	18	40.0	82.2
	Degree and above	8	17.8	100
	Total	45	100	
Years of relationship	[0-3]	10	22.2	22.2
	[3-5]	13	28.9	51.1
	[5-7]	6	13.3	64.4
	[7-9]	13	28.9	93.3
	>9	3	6.7	100
	Total	45	100	
Frequency of usage	1-3 times a week	35	77.8	77.8
	4-6 times a week	9	20.0	97.8
	1-3 times in 2 weeks	1	2.2	100
	1-3 times in 3 weeks	0	0.0	
	1-3 times in 4 weeks	0	0.0	
	Total	45	100	

Source: Own survey data, 2016

A demographic profile of sampled respondents is presented in Table 4.5 above. From the total of 53 distributed questionnaires 45 were filled and returned properly. The respondents are comprised of 64.40% males and 35.60% females. This shows significance difference between the respondents' gender i.e. male customers are more than of female customers. This can be resulted from the lower women's participation in the country's economy in general and in business activities in particular. Regarding the age of the sample respondents, majority of the sampled respondents are in the age range between 28-37 years old which accounts 40.0%. 18-27 years old are 31.1%; 38-47 years old (20.0%) followed by 48-57 years old (6.7%) and the rest age group (Above 58) is covering 2.2% of the total sample respondents. This indicates multi-modal distribution among different age groups.

However, concerning respondents education, larger proportion of the respondents have Diploma completed 18(40.0%), secondary school completed 10 (22.2%), degree and above 8(17.8%) followed by 5(11.1%) of sample respondents are primary school completed and 4(8.9%) have certificate. This indicates that, all the sampled respondents are literate.

Therefore, this suggests that, CRM can better be assessed from this kind of customer using questionnaire. Because, such types of customers may initiate the bank to adopt new technological systems that may provide it with opportunities for competitive advantages over its rivals. With regard to length of relationship with their bank, 22.2% of sampled respondents have less than 3 years of banking relationship, 28.9% have between 3 to 5 years of banking relationships, 13.3% have between 5 to 7 years banking relationships, 28.9% have between 7 to 9 years of banking relationships, and the rest 6.7% of them are stick to banks for more than 9 years. Most sample respondents (77.8%) stay with the bank for more than three years.

Thus, the longer the customer stayed with the bank, the stronger the relationship he /she can develop. As a result, this may lead both the bank and customer to trust each other, and the customers will be willing to recommend their bank to friends, family members and others; and generate positive word of mouth. This entails the bank is effective and in a good track on retaining existing customers than attracting new ones.

The above table illustrates also that, more than three fourth of respondents (77.8%), have 1 to 3 times a week bank usage, 20% have 4 to 6 times a week bank usage. The rest 2.2% of the respondents are 1-3 times in 2 weeks.

Table 4.6: Frequency of bank usage by age for Bank of Abyssinia

Count	Age of the respondent					Total
	Age between 18 & 27	Age between 28 & 37	Age between 38 & 47	Age between 48 & 57	Age between 58	
How frequent do you use the bank's service? Please state in week's 1 to 3 times in a week	10	14	7	3	1	35
4 to 6 times in a week	3	4	2	0	0	9
1 to 3 times in two weeks	1	0	0	0	0	1
Total	14	18	9	3	1	45

Source: Own survey data, 2016

One can clearly observe from the table (Table 4.6) that age group between 28 and 37 were more frequent user than the other age groups. Thus, when the age of a person is above 37 years old the frequency of bank usage becomes lesser and less.

4.3. Reliability of the data

Table 4.7: Reliability statistics

	No. of Items	**α**
Trust	7	0.0575
Reciprocity	4	0.0943
Empathy	6	0.0330
Bonding	5	0.0517
Responsiveness	6	0.0144

Source: Own survey data, 2016

Reliability test coefficient can hold a value of 0 to 1 and the result of 0.7 and above implies an acceptable level of internal reliability (Shifera, 2011). The result in table 4.7 above related that, the five CRM variables is .0810. Therefore, this indicated that the data is reliable and can be used for further analysis.

4.4. Introduction about CRM variables

For this study, five variables (trust, reciprocity, empathy, bonding and responsiveness) and miscellaneous questions were used as a proxy of CRM of banks under consideration. A t-test has been also conducted to confirm the significance of trust, reciprocity, empathy, bonding and responsiveness variables for selected private banks. To confirm their significance, miscellaneous questions were also tested. All variables were measured by different response results, the least being strongly disagree and the highest being strongly agree.

The one sample T-test for the selected banks was conducted at 95% confidence interval of the difference and the results for the three private banks were found to be significant. The T-test, table as well as figure results for Wegagen, Dashen and Bank of Abyssinia are presented here under.

4.4.1. Trust

Trust is a belief or conviction about the other party's intentions within the relationship (Taleghani *et al*., 2011). It can be also perceived as sincerity about the other party's intentions. This can in turn lead to long-term cooperation between the two sides involved in a relationship (Hunt and Morgan, 1994).

Table 4.9: One sample T- test on trust for Wegagen bank

One-Sample Test

	Test Value = 0					
	T	Df	Sig. (2tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
You feel safe in all of your transactions with your bank.	35.217	95	.000	4.052	3.82	4.28
The bank always does what it promised to do.	33.698	95	.000	3.844	3.62	4.07
I am confident on the financial status of the bank.	43.527	95	.000	4.177	3.99	4.37
I am confident that the bank will take care of me in case I incur financial loss.	28.890	95	.000	3.573	3.33	3.82
The bank is trustworthy on calculating charges.						
The bank is trust worthy during cash payment process	42.704	95	.000	4.146	3.95	4.34
The bank provides consistent quality services at different time.	43.311	95	.000	4.229	4.04	4.42
	36.821	95	.000	3.802	3.60	4.01

Source: Own Survey Data, 2016

One sample T – test has been conducted for WB as shown in the above table. The test results for all items of trust dimension of CRM were found to be highly significant at 95% confidence level. From the t-test results, customers confidence on the financial status of WB and the trustworthiness of the bank during cash payment process have the highest t-values of 43.527 and 43.311 respectively, followed by the calculating charges of the bank which has a t- test result of 42.704, the bank provides consistent quality services at different times has also a t- test result of 36.821. With regard of the variable, customer's safety to undertake transactions with their bank, a t-test result of 35.217 was found.

'The variable ;the bank always does what it promised to do' has a t- test result of 33.698 and the take care of the bank in case they encounter financial loss has the least t-test result of 28.890. The two tailed alpha level or level of significance (Sig.) for all trust variables has *P=0.000* values. Therefore, all trust variables of WB are highly significance.

Table 4.10: One sample T- test on trust for Dashen Bank

One-Sample Test

	Test Value = 0					
				Mean	*95% Confidence interval of the Difference*	
	T	*Df*	*Sig.(2tailed)*	*Difference*	*Lower*	*Upper*
You feel safe in all of your transactions with your bank.	*51.418*	*78*	*.000*	*4.152*	*3.99*	*4.31*
The bank always does what it promised to do.	*39.219*	*78*	*.000*	*3.962*	*3.76*	*4.16*
I am confident on the financial status of the bank.	*48.310*	*78*	*.000*	*4.342*	*4.16*	*4.52*
I am confident that the bank will take care of me in case I incur financial loss.	*22.668*	*78*	*.000*	*3.405*	*3.11*	*3.70*
The bank is trustworthy on calculating charges.	*57.081*	*78*	*.000*	*4.329*	*4.18*	*4.48*
The bank is trust worthy during cash payment process	*60.171*	*78*	*.000*	*4.418*	*4.27*	*4.56*
The bank provides consistent quality services at different time.	*37.108*	*78*	*.000*	*3.949*	*3.74*	*4.16*

Source: Own Survey Data, 2016

From the t-test results shown in the above table (table 4.11), all trust factors for DB are statistically significant at 95% confidence interval. According to the test result, the bank is trustworthy during cash payment process has highest t-test statistics of 60.171, the bank is trustworthy on calculating charges has the next highest t- test value of 57.081, followed by customer's feel safe in all their transactions with their bank with t-value of 51.418. Confidence on the financial status of the bank has t-value of 48.310, the bank doing what it promised to do have a t-test of 39.219, consistent quality services of the bank has also a t-test result of 37.108 and customer's confidence at their bank when they encounter financial loss has the least t-test result of 22.668. This shows us that there is a variation in each item value. However, as *P-value* is less than 0.05, all trust variables of DB are significance for further analysis.

Table 4.11: One sample T- test on trust for Bank of Abyssinia
One-Sample Test

	Test Value = 0					
					95% Confidence interval of the Difference	
				Mean		
	T	*Df*	*Sig.(2tailed)*	*Difference*	*Lower*	*Upper*
You feel safe in all of your transactions with your bank.	*26.174*	*44*	*.000*	*4.156*	*3.84*	*4.48*
The bank always does what it promised to do.	*35.377*	*44*	*.000*	*4.267*	*4.02*	*4.51*
I am confident on the financial status of the bank.	*30.580*	*44*	*.000*	*4.378*	*4.09*	*4.67*
I am confident that the bank will take care of me in case I incur financial loss.	*29.269*	*44*	*.000*	*4.156*	*3.87*	*4.44*
The bank is trustworthy on calculating charges.	*27.777*	*44*	*.000*	*4.467*	*4.14*	*4.79*
The bank is trust worthy during cash payment process	*38.268*	*44*	*.000*	*4.489*	*4.25*	*4.73*
The bank provides consistent quality services at different time.	*25.704*	*44*	*.000*	*4.133*	*3.81*	*4.46*

Source: Own Survey Data, 2016

At 95% confidence interval, one sample t test also conducted for trust variable for BOA. Accordingly, like DB, BOA has also scored highest t-test value of 38.258 on cash payment process variable. The t- test result on the bank always does what it promised to do has the next highest t-value of 35.377, customers confidence on the financial status of the bank has a t-value of 30.580, customers' confidence on the ability of the bank to take care of them when they encounter financial problem has a t-value 29.269, the trustworthiness of the bank on calculating charges (a t-value of 27.777), followed by you feel safe in all of your transactions with your bank (a t-value 26.174), and the bank provides consistent quality services at different time has the least t-test value of 25.704. The table above also shows us that trust level of BOA with its customers is good in specific items. However, the trust feeling levels of the bank with its customers on the remaining items show comparatively low.

4.4.2. Reciprocity

Reciprocity is the dimension of a business relationship that enables either party to provide favors or make allowances for the other in return for similar favors or allowances to be received at a later date (Chattananon & Trimetsoontorn, 2009 cited in Taleghani *et al.,* 2011). Thus Reciprocity becomes a virtue, a trait necessary for a rational individual to have if they are to aspire to excellence in moral behavior.

Table 4.12: One sample T- test on reciprocity variables for Wegagen bank
One-Sample Test

	Test Value = 0					
				Mean Difference	95% Confidence Interval of the Difference	
	T	Df	Sig. (2-tailed)		Lower	Upper
The bank helps me to solve difficulties, so I am responsible to repay their kindness.	33.939	95	.000	3.792	3.57	4.01
The bank keeps its promises.	32.231	95	.000	3.719	3.49	3.95
The bank and you work for mutual benefit.	40.959	95	.000	4.125	3.93	4.32
The bank and you are independent.	33.828	95	.000	3.896	3.67	4.12

Source: Own Survey Data, 2016

From the perspective of customers, the bank and you work for mutual benefit has the highest value of 40.959, the bank helps me to solve difficulties; so I am responsible to repay their kindness has the next t-value of 33.939, the interdependence between the bank and its customers has a t-test value of 33.828 and keeping promises of the bank has t-value of 32.231. This shows promise keeping of the bank has least value than the other reciprocity variables.

Table 4.13: One sample T- test on reciprocity variables for Dashen bank

One-Sample Test

					95% Confidence Interval of the Difference	
					Test Value=0	
	T	*Df*	*Sig. (2-tailed)*	*Mean Difference*	*Lower*	*Upper*
The bank helps me to solve difficulties, so I am responsible to repay their kindness.	*44.346*	*78*	*.000*	*4.089*	*3.91*	*4.27*
The bank keeps its promises.	*42.744*	*78*	*.000*	*4.089*	*3.90*	*4.28*
The bank and you work for mutual benefit.	*49.340*	*78*	*.000*	*4.392*	*4.22*	*4.57*
The bank and you are independent.	*44.840*	*78*	*.000*	*4.342*	*4.15*	*4.53*

Source: Own Survey Data, 2016

From the t-test results of Dashen bank we can observe that, the bank and you work for mutual benefit and the bank and you are interdependence each other have the highest t-values of 49.340 and 44.840 respectively, followed by the bank helps me to solve difficulties, so I am responsible to repay their kindness has a t- test result of 44.346, and keeping promises of the bank has the least t-test result of 42.744. Given the p value of (P=0.000), one can say that the test statistics is significant even at 99% confidence interval.

Table 4.14: One sample T- test on reciprocity variables for Bank of Abyssinia
One-Sample Test

	Test Value =0					
	T	*df*	*Sig. (2-tailed)*	*Mean Difference*	*95% Confidence Interval of the Difference*	
					Lower	*Upper*
The bank helps me to solve difficulties, so I am responsible to repay their kindness.	*27.203*	*44*	*.000*	*4.200*	*3.89*	*4.51*
The bank keeps its promises.	*27.290*	*44*	*.000*	*4.156*	*3.85*	*4.46*
	29.723	*44*	*.000*	*4.267*	*3.98*	*4.56*
The bank and you work for mutual benefit.	*30.965*	*44*	*.000*	*4.467*	*4.18*	*4.76*
The bank and you are independent.						

Source: Own Survey Data, 2016

As per the t-test result for BOA, all reciprocity dimensions are statistically significant at 95% confidence interval and their *P value* is less than 0.05. Considering the individual reciprocity dimensions, the bank and you are interdependent has the highest t-value of 30.965, the bank and you work for mutual benefit has the next t-value of 29.723, followed by the bank keeps its promises (27.290). However, the bank helps me to solve difficulties, so I am responsible to repay their kindness has the least t-value of 27.203. This shows that, all reciprocity variables are significant and their variation from the population mean is statistically significant.

4.4.3. Empathy

This assessment was done to appraise how customers perceive the selected private banks are empathic towards them. Empathy (including access, communication, understanding the customer) – is caring and individualized attention that the firm provides to its customers (Kheng et al., 2010). If the customers feel well treated and assured of good relationship, they will remain loyal. Empathy, a key component of emotional intelligence, is as essential for harmonious and productive relationships in the workplace as much as in personal life.

Table 4.15: One sample T- test on empathy for Wegagen bank

	Test Value = 0					
					95% Confidence interval of the Difference	
	t	Df	Sig.(2-tailed)	Mean Difference	Lower	Upper
Employees of the bank understand my feelings.	35.974	95	.000	3.896	3.68	4.11
The bank gives individual attention to its customers.	36.730	95	.000	3.833	3.63	4.04
The bank shows a sincere interest in solving your problem.	40.335	95	.000	3.958	3.76	4.15
Employees of the bank are never too busy to respond to customers requests.	40.169	95	.000	3.854	3.66	4.04
The bank has guidance signs indicating as to which customers are offering which services.	33.508	95	.000	3.729	3.51	3.95
	32.268	95	.000	3.740	3.51	3.97
The working hours of the bank flexible and convenient to me.						

Source: Own Survey Data, 2016

A t-test is conducted to elaborate further discussion for Wegagen bank. The t-test results of empathy factors are statistically significant at 95% confidence interval. According to the test result, the bank shows a sincere interest in solving your problem has the highest t-value of 40.335; employees of the bank are never too busy to respond to customers requests has a t-test result of 40.169, the bank gives individual attention to its customers has test result of 36.730, employees of the bank understand my feelings has t-test result of 35.974, the bank has guidance signs indicating as to which counters are offering which services has also a t-test result of 33.508 and the working hours of the bank are flexible and convenient to me has registered the least t-test result of 32.268. Once again this shows that empathetic level of WB with its customers is good in all items.

Table 4.16: One sample T- test on empathy for Dashen bank

	Test Value = 0				95% Confidence interval of the Difference	
	t	*Df*	*Sig. (2-tailed)*	*Mean Difference*	*Lower*	*Upper*
Employees of the bank understand my feelings.	*46.402*	*78*	*.000*	*4.127*	*3.95*	*4.30*
The bank gives individual attention to its customers.	*33.304*	*78*	*.000*	*3.924*	*3.69*	*4.16*
The bank shows a sincere interest in solving your problem.	*43.587*	*78*	*.000*	*4.038*	*3.85*	*4.22*
Employees of the bank are never too busy to respond to customers request.	*33.735*	*78*	*.000*	*3.848*	*3.62*	*4.08*
The bank has guidance signs indicating as to which counters are offering which services.	*44.436*	*78*	*.000*	*4.139*	*3.95*	*4.32*
The working hours of the bank are flexible and convenient to me.	*31.033*	*78*	*.000*	*3.949*	*3.70*	*4.20*

Source: Own Survey Data, 2016

Statistically, all empathy dimensions are more significant and the variation among their value is relatively less. Thus, employees of the bank understand my feelings has the highest t-value of 46.402, the bank has guidance signs indicating as to which counters are offering which services has the next t-value of 44.436, followed by the bank shows a sincere interest in solving your problem 43.587, employees of the bank are never too busy to respond to customers requests has t-value of 33.735, the bank gives individual attention to its customers has also t-value of 33.304 and the working hours of the bank are flexible and convenient to me has registered the least t-test value of 31.033. In general, though it needs more effort to reach at high level of empathy, DB is in a good position with regard to empathic relationship with its customers.

Table 4.17: One sample T- test on empathy for Bank of Abyssinia

	Test value =0				95% Confidence Interval of the Difference	
	t	*Df*	*Sig. (2-tailed)*	*Mean Difference*	*Lower*	*Upper*
Employees of the bank understand my feelings.	*35.203*	*44*	*.000*	*4.356*	*4.11*	*4.60*
The bank gives individual attention to its customers.	*29.183*	*44*	*.000*	*4.178*	*3.89*	*4.47*
The bank shows a sincere interest in solving your problem.	*31.343*	*44*	*.000*	*4.244*	*3.97*	*4.52*
Employees of the bank are never too busy to respond to customers requests.	*29.020*	*44*	*.000*	*4.267*	*3.97*	*4.56*
The bank has guidance signs indicating as to which counters are offering which services.	*28.563*	*44*	*.000*	*4.156*	*3.86*	*4.45*
The working hours of the bank are flexible and convenient to me.	*27.768*	*44*	*.000*	*4.222*	*3.92*	*4.53*

Source: Own Survey Data, 2016

To elaborate the significance level, one sample T – test for BOA has been also conducted and presented in table 4.26. The test results for all items of empathy are highly significant at 95% confidence level. From the t-test results, whether employees of the bank understand customers feeling or not and the sincere interest of the bank to solve customers' problem have the highest t values of 35.203 and 31.343 respectively, followed by the bank gives individual attention to its customers has a t- test result of 29.183, employees of the bank are never too busy to respond to customers requests has t- test result of 29.020, the bank has guidance signs indicating as to which counters are offering which services shows a t-test result of 28.563, and the working hours of the bank are flexible and convenient to me has the least t-test result of 27.768. The two tailed alpha level or level of significance (Sig.) for all empathy variables has 0.000 values. Therefore, because this value is less than the .05 alpha levels, all empathic variables of BOA are highly significance for further analysis.

4.4.4. Bonding

Bonding is defined as the dimension of a business relationship that results in two parties (the customer and the supplier) acting in a unified manner toward a desired goal (Taleghani et al., 2011). Thus, bonding helps for the development of key relationships with customers. In addition to the above fact it is also accepted that bonding would strengthen relationships and loyalty. Bonding is essential element to establish long lasting relationship with customers.

Table 4.18: One sample T- test on bonding for Wegagen bank

	Test Value = 0					
	T	*df*	*Sig. (2-tailed)*	*Mean Difference*	*95% Confidence Interval of the Difference*	
					Lower	*Upper*
The bank keeps in touch constantly with its customers.	38.325	95	.000	4.031	3.82	4.24
The bank tries very hard to establish a long term relationship with its customers.	38.051	95	.000	4.073	3.86	4.29
The bank works in close cooperation with its customers.	39.924	95	.000	4.167	3.96	4.37
Employees of the bank know you very well.	35.543	95	.000	3.906	3.69	4.12
Your achievement flourish on the solid relationship you have with the bank.	33.329	95	.000	3.854	3.62	4.08

Source: Own survey data, 2016

The other variable on which a t-test was conducted to verify its significance level is bonding. The test results of all items of bonding are statistically significant and the variability among the values is less. From the above table, it is evident that, the bank works in close cooperation with its customers has the highest t-value of 39.924, the bank keeps in touch constantly with its customers has registered the next highest t-test result of 38.325, the bank tries very hard to establish a long term relationship with its customers has 38.051 t-test value, followed by employees of the bank know you very well and your achievement flourish on the solid relationship you have with the bank with having a t-test value 35.543 and 33.329, respectively.

This indicates that WB has made considerable effort in building bonding relationship with its customers.

Table 4.19: One sample T- test on bonding for Dashen bank

	Test Value = 0				95% Confidence Interval of the Difference	
	T	*df*	*Sig. (2-tailed)*	*Mean Difference*	*Lower*	*Upper*
The bank keeps in touch constantly with its customers.	*45.478*	*78*	*.000*	*4.127*	*3.95*	*4.31*
The bank tries very hard to establish a long term relationship with its customers.	*55.659*	*78*	*.000*	*4.215*	*4.06*	*4.37*
The bank works in close cooperation with its customers.	*44.389*	*78*	*.000*	*4.228*	*4.04*	*4.42*
Employees of the bank know you very well.	*43.725*	*78*	*.000*	*4.076*	*3.89*	*4.26*
Your achievement flourish on the solid relationship you have with the bank.	*47.568*	*78*	*.000*	*4.177*	*4.00*	*4.35*

Source: Own survey data, 2016

The t-test was carried out to prove the bonding significance level for Dashen bank as well. The statistical test results for bonding items of the bank are significant at 95% confidence interval. The t-test result shows that the bank tries very hard to establish a long term relationship with its customers, your achievement flourish on the solid relationship you have with the bank, the bank keeps in touch constantly with its customers has a t-test result of 55.659, 47.568 and 45.478, respectively. However, the bank works in close cooperation with its customers and employees of the bank know you very well are registered least t-test result of 44.389 and 43.725, respectively.

This implies that the bank has relatively done well in establishing long term relationship with its existing customers. These may have positive effect on customer retention.

Table 4.20: One sample T- test on bonding for Bank of Abyssinia

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
The bank keeps in touch constantly with its customers.	27.357	44	.000	4.133	3.83	4.44
The bank tries very hard to establish a long term relationship with its customers.	34.101	44	.000	4.311	4.06	4.57
The bank works in close cooperation with its customers.	30.479	44	.000	4.267	3.98	4.55
Employees of the bank know you very well.	40.590	44	.000	4.200	3.99	4.41
Your achievement flourish on the solid relationship you have with the bank.	26.714	44	.000	4.156	3.84	4.47

A t-test, at 95% confidence interval, has been also conducted to measure the significance level of bonding for BOA. The statistical test results for items of bonding relationship from customers' perspective are significant and the variability among the values is less. From the table it is evident that employees of the bank know you very well has the highest test result of 40.590, the bank tries very hard to establish a long term relationship with its customers (34.101), the bank works in close cooperation with its customers (30.479), followed by the bank keeps in touch constantly with its customers (27.357) and your achievement flourish on the solid relationship you have with the bank has the least t- value of 26.714. This implies that, employees of BOA know their customers very well.

4.4.5. Responsiveness

Responsiveness has to do with the degree with which the selected banks were able to respond to the needs and wants of customers. For a firm to be responsive, it must gain deeper understanding and profiling of customer behavior, real-time customer information and loyalty, and management

at Point of Service. However, Taiwo et. al. (2011) described that responsiveness is the degree to which customers perceive service providers' readiness to assist them promptly. Therefore, showing sincerity and willingness to help customers are some of the key issues in responsiveness. Again what was tested in respect of responsiveness included devoted time to customers and efficient services.

Table 4.21: One sample T- test on responsiveness for Wegagen bank

	Test Value = 0				95% Confidence Interval of the Difference	
	T	*Df*	*Sig. (2-tailed)*	*Mean Difference*	*Lower*	*Upper*
The bank provides prompt service to its customers.	*37.103*	*95*	*.000*	*4.000*	*3.79*	*4.21*
Employees of the bank are willing to help customers.	*39.460*	*95*	*.000*	*4.094*	*3.89*	*4.30*
Employees of the bank devote time to reply to any of your questions.	*36.229*	*95*	*.000*	*3.844*	*3.63*	*4.05*
The bank arranges special care to special customers.	*30.090*	*95*	*.000*	*3.583*	*3.35*	*3.82*
The behavior of the employees inspires confidence in customers.	*37.301*	*95*	*.000*	*3.938*	*3.73*	*4.15*
Employees give genuine and details information regarding to any transaction of the bank.	*36.666*	*95*	*95*	*3.896*	*3.68*	*4.11*

Source: Own survey data, 2016

The test results for all items of responsiveness of WB were also found to be highly significant at 95% confidence level. From the t-test results, employees of the bank are willing to help customers has the highest t-value of 39.460, the behavior of the employees inspires confidence in customers has the second highest t-value of 37.301; the bank provides prompt service to its customers registered 37.103 t-test valve, employees give genuine and detailed information regarding to any transaction of the bank has 36.666, followed by employees of the bank devote

time to reply to any of your questions with a t-test value 36.229 and the bank arranges special care to special customers has a least t-test value of 30.090. This shows that the special care arrangement of Wegagen bank needs further commitment.

Table 4.22: One sample T- test on responsiveness for Dashen bank

	Test Value = 0				95% Confidence Interval of the Difference	
	T	*Df*	*Sig. (2-tailed)*	*Mean Difference*	*Lower*	*Upper*
The bank provides prompt service to its customers.	*50.376*	*78*	*.000*	*4.342*	*4.17*	*4.51*
Employees of the bank are willing to help customers.	*58.556*	*78*	*.000*	*4.354*	*4.21*	*4.50*
Employees of the bank devote time to reply to any of your questions.	*55.659*	*78*	*.000*	*4.215*	*4.06*	*4.37*
The bank arranges special care to special customers.	*42.744*	*78*	*.000*	*4.089*	*3.90*	*4.28*
The behavior of the employees inspires confidence in customers.	*59.489*	*78*	*.000*	*4.278*	*4.14*	*4.42*
Employees give genuine and detailed information regarding to any transaction of the bank.	*48.361*	*78*	*.000*	*4.316*	*4.14*	*4.49*

Source: Own survey data, 2016

A t-test at 95% confidence interval of the difference has been conducted to measure its significance level. Accordingly, DB has scored highest t-test value of 59.489 on the behavior of the employees inspires confidence in customers. The t- test result on employees of the bank are willing to help customers has the next highest t-value of 58.556, employees of the bank devote time to reply to any of your questions has a t-value of 55.659, the bank provides prompt service to its customers has a t-value 50.376, followed by employees give genuine and detailed information regarding to any transaction of the bank (a t-value 48.361), and the bank arranges special care to special customers has the least t-test value of 42.744. This again shows us that responsiveness level of DB with its customers lies in a good position.

Table 4.23: One sample T- test on responsiveness for Bank of Abyssinia

	Test Value =0				95% Confidence Interval of the Difference	
	t	*Df*	*Sig. (2-tailed)*	*Mean Difference*	*Lower*	*Upper*
The bank provides prompt service to its customers.	*27.173*	*44*	*.000*	*4.244*	*3.93*	*4.56*
Employees of the bank are willing to help customers.	*35.456*	*44*	*.000*	*4.444*	*4.19*	*4.70*
Employees of the bank devote time to reply to any of your questions.	*22.872*	*44*	*.000*	*4.044*	*3.69*	*4.40*
The ban arranges special care to special customers.	*28.430*	*44*	*.000*	*4.333*	*4.03*	*4.64*
The behavior of the employees inspires confidence in customers.	*30.488*	*44*	*.000*	*4.333*	*4.05*	*4.62*
Employees give genuine and detailed information regarding to any transaction of the bank.	*38.268*	*44*	*.000*	*4.489*	*4.25*	*4.7*

Source: Own survey data, 2016

For BOA the test results of all responsiveness items are statistically significant (even at 99% confidence interval). From the above table, it is clearly shown that, employees give genuine and detailed information regarding to any transaction of the bank has the highest t-value of 38.268, employees of the bank are willing to help customers has registered the next highest t-test result of 35.456, the behavior of the employees inspires confidence in customers has 30.488 t-test value, the bank arranges special care to special customers has also 28.430 t-test value, followed by the bank provides prompt service to its customers and employees of the bank devote time to reply to any of your questions, with having a t-test value 27.173 and 22.872, respectively. This indicates that BOA has made considerable effort in providing genuine and detailed information regarding any transaction of the bank to its customers.

4.4.6. Miscellaneous questions

To strength the CRM variables such as trust, reciprocity, empathy, bonding and responsiveness miscellaneous questions were also tested. All miscellaneous questions were measured by different response results, the least being strongly disagree and the highest being strongly agree. The one sample T-test for the selected banks was conducted at 95% confidence interval of the difference and the results for the three private banks were found to be significant. The T-test, table as well as figure results for Wegagen, Dashen and Bank of Abyssinia are presented here under.

Table 4.24: One sample T- test on miscellaneous questions for Wegagen bank

| | *Test Value = 0* | | | | | |
| | | | | | *95% Confidence Interval of the Difference* | |
	T	*Df*	*Sig. (2-tailed)*	*Mean Difference*	*Lower*	*Upper*
What makes this bank different from its rivals is that it can make successful relationships with its customers.	*36.908*	*95*	*.000*	*3.906*	*3.70*	*4.12*
The bank welcomes complaints from customers.	*37.23*	*95*	*.000*	*4.031*	*3.82*	*4.25*
The bank takes customer feedback seriously and replies to you.	*32.215*	*95*	*.000*	*3.771*	*3.54*	*4.00*
I will recommend this bank to friends and family members.	*34.915*	*95*	*.000*	*3.906*	*3.68*	*4.13*
I find it difficult to switch to other banks because of what I get from this bank.	*34.426*	*95*	*.000*	*3.802*	*3.58*	*4.02*
The bank insists on error free records.	*34.435*	*95*	*.000*	*3.729*	*3.51*	*3.94*
I am confident of giving positive word of mouth testimonies to others about this bank.	*37.184*	*95*	*.000*	*3.990*	*3.78*	*4.20*
I intend using other products and services of the bank.	*36.452*	*95*	*.000*	*3.854*	*3.64*	*4.06*
I am very pleased with what the bank does to me.	*37.004*	*95*	*.000*	*3.969*	*3.76*	*4.18*
Overall, I am satisfied with the bank services.	*37.169*	*95*	*.000*	*4.042*	*3.83*	*4.26*

Source: Own survey data, 2016

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The statistical test results for items of miscellaneous questions of WB are significant at 95% confidence interval and the variability among the values is less. The t-test result shows that the bank welcomes complaints from customers has the highest t-test value of 37.234 and the bank takes customer feedback seriously and replies to you has the least t-test value of 32.215. This implies that the bank has relatively done well in satisfying its existing customers by accepting customer's complaint while it has less customer feedback reply.

Table 4.25: One sample T- test on miscellaneous questions for Dashen bank

	Test Value = 0				95% Confidence Interval of the Difference	
	T	*Df*	*Sig. (2-tailed)*	*Mean Difference*	*Lower*	*Upper*
What makes this bank different from its rivals is that it can make successful relationships with its customers.	*55.906*	*78*	*.000*	*4.291*	*4.14*	*4.44*
The bank welcomes complaints from customers.	*52.032*	*78*	*.000*	*4.266*	*4.10*	*4.43*
The bank takes customer feedback seriously and replies to you.	*35.802*	*78*	*.000*	*3.975*	*3.75*	*4.20*
I will recommend this bank to friends and family members.	*45.417*	*78*	*.000*	*4.203*	*4.02*	*4.39*
I find it difficult to switch to other banks because of what I get from this bank.	*45.291*	*78*	*.000*	*4.139*	*3.96*	*4.32*
The bank insists on error free records.						
I am confident of giving positive word of mouth testimonies to others about this bank.	*57.345*	*78*	*.000*	*4.304*	*4.15*	*4.45*
I intend using other products and services of the bank.	*51.696*	*78*	*.000*	*4.304*	*4.14*	*4.47*
I am very pleased with what the bank does to me.	*54.574*	*78*	*.000*	*4.278*	*4.12*	*4.43*
Overall, I am satisfied with the bank services.	*52.541*	*78*	*.000*	*4.228*	*4.07*	*4.39*
	51.696	*78*	*.000*	*4.304*	*4.14*	*4.47*

Source: Own survey data, 2016

To elaborate the significance level of miscellaneous questions, the researcher also conducted a t - test for DB. Referring the test results, they were found to be significant at 95% confidence

interval. The t-test result shows that, the bank insists on error free record has the highest t-test value of 57.345. On the other hand, the bank takes customer feedback seriously and reply to you has the least t-test value of 35.802. This implies that the bank has relatively done well in satisfying its existing customers by making error free records while like WB it has less customer feedback reply.

Table 4.26: One sample T- test on miscellaneous questions for Bank of Abyssinia

	Test Value = 0				95% Confidence Interval of the Difference	
	T	Df	Sig. (2-tailed)	Mean Difference	Lower	Upper
What makes this bank different from its rivals is that it can make successful relationships with its customers.	26.140	44	.000	4.178	3.86	4.50
The bank welcomes complaints from customers.	31.280	44	.000	4.333	4.05	4.61
The bank takes customer feedback seriously and replies to you.	41.907	44	.000	4.244	4.04	4.45
I will recommend this bank to friends and family members.	27.239	44	.000	4.178	3.87	4.49
I find it difficult to switch to other banks because of what I get from this bank.	29.116	44	.000	4.200	3.91	4.49
The bank insists on error free records.	27.798	44	.000	4.200	3.90	4.50
I am confident of giving positive word of mouth testimonies to others about this bank.	27.269	44	.000	4.333	4.01	4.65
I intend using other products and services of the bank.	41.430	44	.000	4.489	4.27	4.71
I am very pleased with what the bank does to me.	37.820	44	.000	4.400	4.17	4.63
Overall, I am satisfied with the bank services.	35.228	44	.000	4.378	4.13	4.63

Source: Own survey data, 2016

Finally, a t-test of miscellaneous questions for Bank of Abyssinia was conducted and the statistical test results are significant at 95% confidence interval. The t-test result for BOA shows

that the bank takes customer feedback seriously and replies to you has scored highest t-test value of 41.907 and what makes this bank different from its rivals is that it can make successful relationships with its customers has the least t-test value of 26.140. This implies that the bank has relatively well in replying customer's feedback. This helps to retain its existing customers.

4.5. Discussions on research questions

What CRM practices are being implemented in the banks?

To answer this research question different questions were developed for employee's, branch managers and assistant branch managers of the banks.

Wegagen bank has efficient CRM practice and the bank provides customer focused domestic and international banking services. When we see from Dashen bank perspective, CRM practice is one window service and attentively follows the daily service activities. Similarly, BOA CRM practice is focused on customer satisfaction through quality customer service

How do the banks differ in their CRM practices?

Wegagen bank differs from competitors since it provides individual customer focused services. Dashen bank service is also preferred by their customers and this is the better practice compared to other rivals banks similarly, bank of Abyssinia differs from other competitors by its door to door banking services.

How do customers perceive the CRM practices of the banks?

Both banks get information about their services from their suggestion box. Though, this may not be sufficient source of information, questionnaires and research works being the most reliable source of information about customer's satisfaction on the bank services.

What challenges are faced by the bank in implementing CRM?

Create awareness for employees through continuous training towards understanding customer's individual character, needs and preferences is key factor to implement CRM in this regards both

banks try to maintain good relationship with their customers. Regarding their strength all the selected banks are strong in introducing new technology; for instance their branches are networked with other branches of the respective banks. In addition, both banks were introducing ATM (working 24 hours) banking so as to provide better service to their customers. However, from their challenge perspective, internet interruption is one of the problems and adversely affects their services.

Finally the researcher understands that the selected private banks identified their gaps that adversely affect their quality banking service towards customer's individual character, needs and preferences.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1. Summary of the major findings

In the previous chapter the most important findings were presented and analyzed based on the information gathered from research participants. The results obtained from both questionnaire and interview in accordance with each of the four research questions are provided in this chapter.

The demographic information on survey respondents for Wegagen Bank, point out that 57.3% was males and 42.7% females with the age group 28-37(47.7%). Respondents with age group between 18 up to 27 and 38 up to 47 years account for 29.2% and 17.7%, respectively. The rest 8.3% and 2.1% are respondents in the age group between 48 up to 57 and greater than 58 years respectively. Considering the education level of respondents, most of them have a university education or more (58.4%), which is more than half of the sampled customers. With regard to length of relationship with their bank, 42.7% of respondents have less than 3 years of relationship, 16.7% have 3 to 5 years of banking relationships, 17.7% have 5 to 7 years banking relationships, 13.5% have 7 to 9 years banking relationships and the rest 9.4% of them have been with the bank for more than 9 years.

The demographic information on survey respondents for Dashen Bank, point out that 62.0% was males and 38.0% females. It can be said from the survey that, most of the banks customers are between the ages of 18 and 47. This is derived from the fact that the age range of 18-27, 28-37 and 38-47 when put together will amount to 88.6%. On the education level of sampled customers, most of them have had a university education or more, this fraction of the customers were 61.9% which is more than half of the sampled customers.

The demographic information on survey respondents for Bank of Abyssinia, point out that 64.40% was male and 35.60% females. This shows significance difference between the respondents' gender i.e. male customers are more than of female customers. This can be resulted from the lower women's participation in the country's economy in general and in business activities in particular. Regarding the age of the sample respondents, majority of the sampled

respondents are in the age range between 28-37 years old which accounts 40.0%. 18-27 years old are 31.1%; 38-47 years old (20.0%) followed by 48-57 years old (6.7%) and the rest age group (Above 58) is covering 2.2% of the total sample respondents. This indicates multi-modal distribution among different age groups.

It is identified that in comparison to trust, reciprocity, bonding and responsiveness of CRM dimensions, DB is better performer followed by BOA and WB, respectively. However, taking empathy as an indicator of CRM, DB and BOA has almost equal performance but still WB is lacking behind the two other selected private banks. In addition to the above CRM dimensions, in regard to the supportive miscellaneous questions DB is better than the remaining two banks (BOA and WB) however; BOA is better performed than WB in this regard. Thus, in implementing CRM in to practice the selected banks have their own gaps. However, comparing the three private banks Dashen bank is better implementer followed by Bank of Abyssinia and Wegagen bank, respectively. Furthermore, as per the conducted interview results of higher officials of selected banks, the banks were found to be strong in introducing new technology and make networking system among their own branches. On the other hand, they faced problem of network interruption that adversely affects their quality banking service practices. Thus this study helps the banker to identify the extent to which they are able to maintain customer relations and the measures they can take to improve their relationship.

5.2. Conclusion

The results of the study were based up on the discussion of data obtained from close ended questionnaire distributed to customers of WB, DB and BOA. In addition, interviews were conducted with respective branch managers as well as assistant branch managers of the aforementioned banks. However, the study emphasizes on the existence of relationship between the banks and their customers measured by customer relationship management practices.

In banking industry trustful and quality banking services are the basis of sound CRM. From the results obtained, customers of the selected banks have feel safe in conducting transactions with their banks. However, it is difficult to arrive at such conclusion and generalize that the selected

banks are doing their transactions well, since there were some respondents who disagreed and remained neutral.

The aim of CRM is also to establish, maintain, and enhance relationships with customers at a profit. So, doing what is promised to do is the fundamental issue to maximize profit. Though customers of all selected banks perceived that their banks were better in keeping their promises, there is a slight difference among them. It is common that as trust declines, customers are unwilling to conduct business transaction. Particular to the banking industry, trust leads to construct long-term relationship with their customers. Though there are customers who have doubt considering trustworthiness of the selected private banks, majority of them, however, perceived that all the three banks are trustful. Considering the consistency of quality service provision by their banks, significant numbers of customers did not express their agreement.

Regarding reciprocal help between the banks and their customers, majority of the respondents of the selected banks perceive that their banks were working for mutual benefit. However, regarding keeping promises of the banks, significant numbers of customers of WB do not agree and be neutral. Majority of the customers of DB and BOA, however, perceived that their banks are keeping their promises. Successful CRM focuses also on understanding the needs and desires of the customers and is achieved by placing these needs at the heart of the business by integrating them with the organization's strategy, people, technology and business process (Agarwal, 2009). In this regard, the banks and customers were found to be working for their mutual benefits.

It is also known that one of the CRM goals is to create and maintain long lasting relationships between the bank and its customers. One measurement for CRM is empathy. Empathy is a key component for harmonious and productive relationships in the work place. Thus, empathy can be viewed as the ability to share and understand and feel another person in a relational situation.

As per the result from the data collected, WB is relatively weak in giving individual attention, sincere interest to solve difficulties and improving the working hour as well. Similarly, significant number of customers of WB and DB do not expressed their witness regarding banks individual attention.

However, BOA has better understanding of individual customers need than the remaining two banks. From this study we can also conclude that there exists direct relationship between CRM and retention concerning the three banks included in the study. This in turn implies that the management bodies of the selected banks are encouraged to pursue CRM practices so that they can survive in the present globalised business environment as major competitors in the industry.

The study also shows, DB is working in close cooperation with its customers followed by BOA and WB. Thus, compared to its competitors WB is in a better condition to improve its close cooperation gap by implementing CRM strategies in its work place. Close cooperation help to retain existing customers. It is supported as; close relationship with customers will require a strong coordination between banks and its marketing departments to provide a long-term retention of selected customers (Chary and Ramesh, 2012). This is in line with the theory indicating that an old customer satisfied with the banking services is effective same as ten new clients in advertising and profitability of the bank (Gilaninia *et al*., 2011). Therefore, the existence of close cooperation, the better the bank can understand customer wants and needs and it is helpful to retain them.

Employees of the three private banks know their customers very well. The three banks are doing well in this regard. However, comparing the selected banks regarding to the behavior of employees inspires confidence in customers, WB is weak than the remaining selected competitor banks. Though it needs detail research, it will negatively affect the bank's long term relationship with its customers.

Finally, the purpose of customer retention is to keep a high proportion of valuable customers through reducing customer dissatisfaction. As suggested on the literature review part of this study, normally, the costs of cultivating the existing customer base are far less than the costs of attracting new customers. From the descriptive statistics results of this study, there exists a relationship between CRM and Customer retention.

The results clearly revealed that the five CRM dimensions are very close. This shows us that CRM has significant influence on customer retention both from customers' and branch managers view. Though it needs further and detailed study, generally, the results indicate that customer

relationship management is important for customer retention that is essential for the success of the selected private banks.

5.3. Recommendations

With the recent establishment of several new banks in Ethiopia, the banking industry in the country is undergoing dynamic expansion. It is, therefore, vital for private banks to continuously monitor their level of service delivery and the drivers of satisfaction in order to retain their current customers and also to attract new ones.

The concept of customer participation in the service delivery process has a long history and is identified as one of the distinguishing characteristics of services. Since customer relationship management characteristics are relevant to financial services, customer participation in service relationships is held to be of particular importance for banking services.

Given these facts, based on the findings of this study, the following recommendations are proposed to help improve the CRM practice of the selected three banks.

General recommendations

The general recommendations are for the three banks considered in this study, which includes;

- Attention should be paid in continuous supervision and monitoring the quality of services.
- The three banks should have dialogues with their customers in order to identify where the demand of customers lies and offer customized services to them.
- The selected banks should Implement CRM practices; which can enable the banks attract and retain customers
- Considering empathic relationship among the three banks and their customers, some respondents of the selected banks reply that employees are not responding to their requests properly. Therefore, the banks need to provide continuous training to their employees.

- The three banks obtain information about their customers from their suggestion boxes. However, it will be better to adapt other mechanisms such as interview, questionnaires or generally conducting research periodically.

In addition to the general recommendations provided above, some specific recommendations for the three banks are described hereunder:-

Bank of Abyssinia

- Emphasis should be accorded to the presence of banking technologies. Thus, expanding ATM banking services is helpful to address the demand of its customers.
- By identifying its gap, cost effective training program for employees of the bank is helpful for better competitive advantage.
- Collecting of information on the reason for employee's resignation and arranging possible solutions accordingly will enable the bank to perform effectively.

Dashen bank

- Large proportion of the respondents of DB does not have any confidence on the provision of financial support when they encounter financial losses. Thus, it will be better for the bank to show its dedication to assist its customers when they encounter financial problems, which will increase their sense of ownership to the bank.
- In responsiveness aspect, the bank does not arrange special care to its special customers. It will also provide for the bank an advantage if it arranges special service mechanism to its special customers.

Wegagen bank

- Considering reciprocity aspect of the bank, large proportions of sample respondents have doubt as well as disagree regarding keeping promises of the bank. This may lead to the loss of existing customers. Therefore, the bank should keep its promises properly.
- Considering empathic relationship, large proportion of the respondents of Wegagen bank do not agree or have doubt regarding the working hours of the bank. Therefore, the bank should rearrange its working hours in line with its customers' needs.

➢ In bonding perspective large proportions of the respondents of Wegagen bank do not agree as well as have doubt with the idea 'their achievement has direct relationship with their banks'. Therefore, it would also be an advantage for the bank to revise its policies towards its customers need.

➢ Concerning responsiveness, employees of the bank do not devote time to reply any questions that were raised by customers. In addition to this, they don't arrange special care to special customer of the bank. Therefore, listening and answering customers questions and arrange a special program accordingly will put the bank in a better condition as far as CRM is concerned.

Recommendations for Further Research

❖ The study focused on three banks in Addis city. Additional research is necessary to determine if the relationships identified can be generalized to other banks through comparative studies considering more banks.

❖ This study includes only five CRM dimensions. However, there could be some other relevant factors that may be perceived as important by customers. Thus, future research works which incorporate diversified CRM dimensions will be advisable.

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APPENDICES

APPENDIX A: QUESTIONNAIRE

ST. MARY'S UNIVERSTY
SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF MBA-GENERAL

Questionnaire to be filled by customer's of private banks.

Dear Respondent;

I am currently pursuing my Masters of Business Administration (MBA) at the School of Graduate studies, St. Mary's University. As partial fulfillment towards the completion of my postgraduate degree, this research titled as "Assessment of Customer Relationship Management Practices in Selected Private Banks (A comparative study)" is undertaken. Hence, I kindly request you to fill in this questionnaire while assuring you that the information that you provide will be treated with confidentiality and shall only be used for the purpose of this academic research. I would also like to remind you that your fair and impartial feedback will make this research a very successful one.

Thank you for your cooperation and assistance.
Sincerely,

Please respond to each item by putting a tick mark "✔" in the box & fill in the blank on the number which best reflects your own perception.

Part I. Demographic Profile

1. Sex   Male ☐   Female ☐
2. Age   18-27 ☐   28-37 ☐   38-47 ☐   48-57 ☐   58 and above ☐
3. Educational Background
No formal schooling ☐ Primary school completed ☐ Secondary school completed ☐
Certificate ☐   Diploma ☐   Degree and above ☐ others _____
4. How long have you been the customer of the bank? Please state in years_____

5. How frequent do you use the bank's service? Please state in week's _____

Part II. Survey of Customer Relationship Management Practices

Please show the extent to which you agree or disagree with the statements given below. This is to assess the following on the scales of strongly disagree to strongly agree. Strongly disagree is given the least weight of 1; while strongly agree is given the highest weight of 5.

	Strongly Disagree (1)	Disagree (2)	Neither Disagree nor Agree (3)	Agree (4)	Strongly Agree (5)
Trust					
1. You feel safe in all of your transactions with your bank.					
2. The bank always does what it promised to do.					
3. I am confident on the financial status of the bank.					
4. I am confident that the bank will take care of me in case I incur financial loss.					
5. The bank is trustworthy on calculating charges.					
6. The bank is trustworthy during cash payment process					
7. The bank provides consistent quality services at different time.					
Reciprocity					
1. The bank helps me to solve difficulties, so I am responsible to repay their kindness.					
2. The bank keeps its promises.					
3. The bank and you work for mutual benefit.					
4. The bank and you are interdependent.					
Empathy					
1. Employees of the bank understand my feelings.					
2. The bank gives individual attention to its customers.					
3. The bank shows a sincere interest in solving your problem.					
4. Employees of the bank are never too busy to respond to customers requests.					
5. The bank has guidelines signs indicating as to which counters are offering which services.					

6.	The working hours of the bank are flexible and convenient to me.					
Bonding						
1.	The bank keeps in touch constantly with its customers.					
2.	The bank tries very hard to establish a long term relationship with its customers.					
3.	The bank works in close cooperation with its customers.					
4.	Employees of the bank know you very well.					
5.	Your achievement flourish on the solid relationship you have with the bank.					
Responsiveness						
1.	The bank provides prompt service to its customers.					
2.	Employees of the bank are willing to help customers.					
3.	Employees of the bank devote time to reply to any of your questions.					
4.	The bank arranges special care to special customers.					
5.	The behavior of the employees inspires confidence in customers.					
6.	Employees give genuine and detailed information regarding to any transaction of the bank.					
Miscellaneous Questions						
1.	What makes this bank different from its rivals is that it can make successful relationships with its customers.					
2.	The bank welcomes complaints from customers.					
3.	The bank takes customer feedback seriously and replies to you.					
4.	I will recommend this bank to friends and family members.					
5.	I find it difficult to switch to other banks because of what I get from this bank.					
6.	The bank insists on error free records.					
7.	I am confident of giving positive word of mouth testimonies to others about this bank.					
8.	I intend using other products and services of the bank.					
9.	I am very pleased with what the bank does for me.					
10.	Overall, I am satisfied with the bank services.					

Source: Adopted from,(Ravichandran et.al, 2010 and Frank Kojo Kurachie), and modified by the researcher.

THANK YOU FOR YOUR COOOPERATION!!!

APPENDIX B: INTERVIEW CHECKLIST

ST. MARY'S UNIVERSTY
SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF MBA-GENERAL

Structured interview conducted with top management members of private banks.

Hello sir/madam! My name is Meron Bogale and I am currently pursuing my Masters of Business Administration (MBA) at the school of graduate studies, St. Mary's University. I kindly request you to ask a few set of questions regarding Customer relationship management practices in your bank. Shall I proceed?

Survey of Assessment of Customer Relationship Management Practices in Selected Private Banks (A comparative study)

Thinking over your entire experience in the position you have hold now, would you please give me your genuine response to the following questions?

1. Can you describe the Customer Relationship Management (CRM) practice of your bank? In what way does it differ from other banks?
2. How does the bank attain knowledge about customers?
3. What are the CRM strategies that your bank applies to make customers satisfied?
4. How do you appraise the trustworthiness, reciprocity, empathy, bonding, and responsiveness of your bank customers?
5. How do you describe the awareness of employees on the concept as well as practice of CRM?
6. Would you tell me any strength and weakness of the bank related to maintaining good relationship with customers?

THANK YOU FOR YOUR COOPERATION!!!