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St. Mary's University, Ethiopia

SCHOOL OF GRADUATE STUDIES

**ASSESSMENT OF CUSTOMER RELATIONSHIP
MANAGEMENT PRACTICE: A CASE STUDY OF AWASH
INTERNATIONAL BANK S.CO**

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June, 2017

Addis Ababa, Ethiopia

“ASSESSMENT OF CUSTOMER RELATIONSHIP MANAGEMENT PRACTICE: A CASE
STUDY OF AWASH INTERNATIONAL BANK S.CO”

BY: YENEMENGIST BELISTIE

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SMU

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DECLARATION

I, the undersigned, declare that this Thesis is my original work; prepared under the guidance of **Getie Andualem (phD)**. All the sources of materials used for this thesis have been dully acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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June, 2017

DEDICATION

This thesis is dedicated to my family specially my beloved mom Abeba Mekonnen, my beloved Brother Addis, who have a strong believe in education and finally the love of my life, the basis for my identity, to that human angel who gave me her everything to see my success in life, my everything and love Bethlehem Solomon.

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ACRONYMS

CRM = Customer Relationship Management

AIB= Awash International Bank

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ABSTRACT

CRM's successful implementation in an integrated and holistic manner have been found to have a positive impact in satisfaction and loyalty of customers, reduction of costs, and enhancement of competitive stand in the market. Based on this premises, it is fundamental to assess the application of CRM by way of identify the component of CRM that are well implemented and those in slack to leverage them in the future. The general objective of this study is to assess the practice of CRM in Awash International Bank judged from the employee and customer point of view. In his research, the CRM instrument developed by das, e al., (2009) has been applied in designing the questionnaire by using four dimensions of CRM i.e. key customer focus, Organizational CRM, knowledge management, Technology based CRM. Accordingly purposive sampling technique used to selected and distribute questionnaire to 204 customers and 45 employees of the Bank in the selected 8 area branches. The survey aimed to determine the level of customer perception towards CRM practice in the Bank and the data collected are analyzed using a simple descriptive statistics tool such as frequency distribution, mean and standard deviation are used to present as required. The result revealed that AIB performance in the extent to which it applies the four dimension of the CRM is nearly at average level as observed by its customers. However, it is also slightly above the average level by its employee. The technology based CRM practice like in a move to automate the marketing and sales transaction with latest Banking technological product, usability and accessibility of the product through the technology are among the major one as perceived by the customer and employee found to be low , Thus the integration and adoption of CRM Technology based dimension in particular is recommended and so as to sustain its CRM practice AIB has to give its management and customer contact employee with the essential practical knowledge of Customer relationship management.

Keywords: Customer Relationship management, Dimensions of CRM

CHAPTER ONE

INTRODUCTION

In this introductory chapter, background of the study, background of the industry, statement of the problem, research questions of the study, objectives of the study, scope, significance, limitation, definition of terms and organization of the study are discussed.

1.1 Background of the Study

In this competitive world order, banks strive to attain a competitive edge with their competitors. A bank can gain competitive advantage by becoming a low cost player, achieving operational efficiency by cultivating customer loyalty. For obvious reasons of margins involved, the last option is most profitable for any firm. Furthermore, the low cost and operational efficiency can provide competitive edge only in the short to medium run.

Once someone comes up with better proposition the customers don't think twice before switching over. In this backdrop, it's no wonder that companies, large and small, strive to turn themselves into customer-driven enterprise. A loyal and happy customer is difficult for competition to win away even if there are some cost differentials etc. But, fostering a sense of relatedness in customers is at best a daunting task. The customers have become more and more informed and, as an obvious extension, much more demanding regarding what it expects. As a means of satisfying the ever-increasing customer expectation and as a tool for retaining existing customers and appropriating new customers, the CRM philosophy was conceived. It is not a tool or a technology but a way of thinking that has developed and which keeps customer at the forefront of every strategy. In the 1970`s, Customer relationship management (CRM) originated as a marketing concept from the relationship marketing literatures. Its aim is to maximize customer value in the long term, by focusing business processes, marketing and customer service on client relationship maintenance, through the coordinating agency of information technology system as it has been put by Chang.H, (2007).

So far, several business sectors have benefited from the deployment of CRM. However, pertaining to its nature the service sector, particularly the financial and telecommunication sub-sector, deemed to benefit a lot from the implementation of the CRM as a business strategy. As

noted by Formant, Lamparello, Melnick(2000) studies banks which develop a customer-centric strategy get higher profits. this is due to the fact that financial service are characterized by the large number of customers and the private, fast and personal needs of them, such that the way a firm delivers them is relevant to its expansion and competitive advantage as noted by Seybold & Marshak, (1998). Moreover, Onutet.al, also ascertain that CRM is a sound business strategy for banks to identify the most profitable customers and prospects, and devote time and attention to expanding account relationships with those customers through individualized marketing, re-pricing, discretionary decision making, and customized service-all delivered through the sales channels that the bank uses.

The extent of CRM deployment in the financial services especially in banks has been assessed from four dimensions in the financial service literatures of European, Indian and other banking sectors. These four dimensions are key customer focus, knowledge management, CRM organization and technology-based CRM. So far, the studies reveal that successful application of all CRM dimensions in banks helps the banks to expand their customer bases, enhance their competitive position and able to retain the customers at increased satisfaction rate. Thus, the integrated application of the CRM has been found essential for reaping full benefits of CRM such as internal efficiency, increased customer loyalty and satisfaction, identification of customers potential and the like.

Despite the above theoretical and empirical facts as to the development of the CRM in the financial sector, until recently, the banking sector in Ethiopia has remained dormant to the shift in business paradigm from product-centric to customer-centric. Various factors contributed for this fact; among others the dominance of public banks till the liberalization and deregulation of the economy in the 1990`s is the major one. This hinders the development of the private sector and its possible impact on the competitiveness arena in the banking industry that would have benefited the customers and the banks there in.

Since then the banking sector has undergone various improvements; the private sector being allowed to involve in the business instigated the need to be competitive to stay in the market just like other business set ups. Currently, there are 17 commercial banks in Ethiopia where one of them are government owned.

Of the Private commercial banks AIB was established in 1994 being pioneer and leading others in terms of market share, branch network, volume of asset and profitability. It has 270 branch

networks all over the country, total assets of Birr 31.1 billion as of June 2015/16, and it is the first Private bank in Ethiopia to build its Head Quarter complex.

Currently AIB has about 18% market share and has around one million Account holders. It has strong correspondent relationship more than 12 renowned foreign banks and a SWIFT bilateral arrangement with 270 others all over the continent.

1.2 Background of the Industry

Evolution of modern institutionalized financial system in Ethiopia started in 1905 following the establishment of the first bank by historically reminiscent name of Bank of Abyssinia as cited by Gidey, (1987). This Bank introduced for the first time in Ethiopian financial systems history banking services and instruments such as deposit accounts and export financing.

In pre 1974 Ethiopia, the financial system operated in a free market economic environment. However, in 1980s, the financial system was restructured and reorganized to serve centrally planned economic system which was created following the change of government in 1974. During this period, the Government nationalized all financial institutions in the country and created three specialized banks (excluding the central bank) and one insurance company. Private ownership of financial institutions was prohibited. Following the principles of mono-banking, the three states owned banks and the insurance company were administered by the central bank – the National Bank of Ethiopia (NBE). Indeed, the NBE used to run those governments owned financial institutions like its own cost centered functional units. Among the specialized banks, the then Agricultural and Industrial Development Bank (the current Development Bank) was responsible for financing agricultural and industrial projects with medium and long gestation period, while the then Housing and Savings Bank (the current Construction and Business Bank) used to lend for construction of residential and commercial buildings. The third bank, Commercial Bank of Ethiopia, was the only bank engaged in trade and other short term financing activities.

In 1990s, as a result of the shift from socialist to market economic system, Ethiopia reformed its financial services industry. The reform measures included comprehensive restructuring of government owned financial institutions and opening the sector for local private equity participation. The three governments owned banks and one insurance company inherited from socialist regime were made autonomies in terms of managing their business and recapitalized. While there was no change in the role of Commercial Bank of Ethiopia (as short term financier),

Development Bank of Ethiopia (as provider of medium and long term development finance) and Ethiopian Insurance Corporation (as provider of both general and life insurance services), Construction and Business Bank has been allowed to engage in short-term financing activities. Opening of the financial services industry for local private equity participation resulted in establishment of sixteen private Banks, sixteen insurance companies and thirty one microfinance institutions to date June 2014.

Following this major change in the financial system of the country, the banking industry has become comparatively competitive where by the need to enhance customer relationships to retain existing customers while enhancing customer base become the rule of the day. Nevertheless, the adoption of CRM as a business strategy is new phenomenon to the Ethiopian banking industry.

Among private commercial banks operating in the country, AIB has been undergoing an encouraging improvement in enhancing its offerings to maintain its leading role and competitive position. Through these efforts, the bank has adopted the CRM in the middle of 2013. in its initiatives it was planned to attracting customers and retaining those valuable customers by enriching the prevailing relationship backgrounds.

Accordingly, AIB has devised a two organ, one in the head office and the other at branch level, in the head office a customer-centric strategic approach that position the customer at the center of all banking activities whereby customer relationship building based on “Know your customer” (KYC) principle emanated. Consequently, the Bank has redesigned its sub-processes in such a way one-point customer contact remain intact to enable customer relationship building and maintenance. Hence, in retail branches the Customer Relationship Officer is responsible for advising, consulting and providing adequate information to customers on the overall service package while the Branch Manager is responsible for attracting potential customers, promote the Bank in general and the Branch in particular , Hence lead and monitor the Branch`s overall Customer Relationship practices. In the Head office organ, Customer Relationship Management task are lead by the corporate resource mobilization team headed by the V/presidents. The City area Customer Service Manager supports the Branch Manager`s CRM activities by shouldering operational tasks of the branch and entertaining customer requests at sight to enhance customer relationship building in the course of efficient and effective customer services.

The Customer classification, as per the Credit Process Procedure of the Bank, is defined as an

internal segmentation for the Bank that allows it to identify those customers who delivers high value to the Bank and deserves best treatment. The Bank classifies its customers to ensure flexible and tailor made service delivery, i.e. to address their needs and preferences accordingly. Moreover, segmentation is sought to help the Bank build and maintain long-term relationships with high valued customers and mitigate its risk. The Bank applies the following criteria to classify its trading customers; Sales Volume, Volume of Service/Product with the Bank, Income generated from the customer, Customer Relationship, Corporate responsibility; and Management capability of the business.

Apparently, AIB has been in a continuous transformation since the major restructuring in 2013, and its efforts have provided fruitful performance enhancements both in financial and non-financial terms. Yet, it is too early to conclude its performance results are solely attributed to the adoption of CRM. Since the prominent market standing of AIB is still unleashed due to several factors like huge financial capacity, long-standing experience and relationship with reputable international banks, it is difficult to distinguish whether or not these factors nurture the marketing efforts of the Bank. Thus, at this stage assessment of the CRM practices of the Bank to determine the current standing of the Bank in terms of deploying the aspects that comprise full fledged CRM application become central.

1.3. Statement of the Problem

Though most of the CRM literatures are written in the context of the developed countries, CRM's successful implementation in an integrated and holistic manner have been found to have a positive impact in satisfaction and loyalty of customers , reduction of costs and enhancement of competitive stand in the market. Despite 22 years of experience in the business and being able to lead among the private Banks, the market position of the Bank has been in shake mainly due to the aggressive move by Commercial Bank of Ethiopia and other private peer Banks that changed the competitive playing ground by which these Banks deploy aggressive customer shifting at corporate and retail customer ship. Thus, to cope up with this market turmoil AIB had shifted its focus to customer's attraction and retention. In order to do so the bank established an organ called Customer relationship management team at the Head office and Branch level in the middle of 2013. As an output of this team the bank adopted customer-centric business concepts by ensuring customer contact by approaching the customers in a way that enhance relationship building at each branch customer contact points, major reform in organizational structure and

emphasis in provisioning technologically advanced services and the overall corporate resource mobilization activity. This move eventually achieves improvements in performance, such as operational efficiency and service quality improvement. It is apparent from literatures that those banks that are able to implement all dimensions of the CRM are more beneficial than those that implemented it in a fragmented manner as noted by Das (2009). Hence, as it is three years since AIB adopted CRM, determining to what extent AIB has implemented the dimensions of the CRM contributes a lot in projecting the expected gain from the system and point out the dimensions to leverage in the future. Assessing the level of CRM practice across four dimensions i.e. key customer focus, knowledge management, CRM organization, and technology- based CRM become imperative and it is the way to appraise the why of positive outcomes and/or negative repercussion. Though the bank has been implementing CRM project the activities are not in ground. Based on this premises, it is fundamental to assess the application of CRM by way of identify the components of CRM that are well implemented and those in slack to leverage them in the future.

Accordingly, the purpose of this study is to look into to what extent CRM is being applied in Awash International Bank across four dimensions i.e. key customer focus, Knowledge management, CRM organization and technology- based CRM.

1.4. Research Questions

The study was conducted with the aim of providing answers to the following basic research question.

- To what extent Awash International Bank is practicing CRM organization?
- To what extent Awash International Bank is customer focused?
- To what extent Awash International Bank is Technology Based?
- To what extent Awash International Bank knowledge management Based?

1.5. Objectives of the Study

1.5.1. General objective

In general the objective of the study is to assess CRM practice in the case of Awash International Bank s.co.

1.5.2. Specific Objective

The more specific objective of the study will be the following;

- To determine the extent of key customer focused dimension application in Awash International Bank.
- To examine the Extent of organizational dimension practice in Awash International Bank.
- To assess the extent of knowledge management dimension application in Awash International Bank.
- To explain to what extent technological based dimension applied in Awash International Bank.
- Based on the finding to provide the possible suggestion and recommendation.

1.6. Scope of the study

The study is limited to assessing CRM practice in awash international bank. Hence, due to the time and financial constraints in taking large sample size, it was difficult and unmanageable to include all branches found in the country; because of this reason the researcher tends to undertake the research activity only in Addis Ababa. This study was conducted to assess CRM practice by taking four dimensions representing key customer focus, knowledge management, CRM organization and technology-based CRM.

The study used quantitative in course of researching both primary and secondary data was used. With regard to the secondary sources various publications, books and journals' regarding the subject matter was addressed and population of the study AIB in Addis Ababa branches and to Achieve the objective of the study well design structured questionnaire were distributed among the study respondents selected on purposive sampling basis.

1.7. Significance of the Study

This study contributes to the financial services literature as it is one of the very few that examine CRM practice in the Ethiopian banking sector. More specifically, the study has the following potential contribution for AIB.

- It enables the AIB to identify the dimensions that needs further enhancements so as to benefit from CRM`s practice in a more integrated manner.
- It serves as a background material to assess the level of CRM application in the past years.
- In addition, it add contribution to existing knowledge and can be used as milestone for further research, in the area of CRM in Awash international Bank about which there is little experience on it.

1.8. Limitation of the Study

The researcher believes that, it is necessary to conduct a research in all the Bank service operation area i.e. the City and Outlying Branches. However, because of its broadness, limit of time and budget, the scope of this study was limited only to Branches of AIB that are found only in Addis Ababa. In addition, the study assess CRM`s application only from four dimensions that are derived from the reviewed CRM related literatures.

1.9. Definition of Key Terms

Customer Relationship Management (CRM): it is a cross-functional, customer-driven and technology-integrated business process management strategy that maximizes relationships. It involves the integration of marketing, sales, customer service, IT and the supply-chain functions of the organization to achieve greater efficiencies and effectiveness in delivering customer value.

Current Account: is a non interest bearing account operated through the usage of cheque and it is opened by literate customers only.

Saving Account: is an interest bearing account opened through with or without passbook.

Fixed Time deposit: is deposit for a certain period of time without movement for more than the prevailing saving interest rate. The rate of interest depends on the amount of money and duration of the account.

Branch Grading system-: branches of the Bank have been categorized in to four Group the highest grade I (one) to IV (four), as per the bank`s branch rating scheme by considering, the number of staff strength, credit processing capacity, number of customers.

2. Organization of the Study

The study is comprised of five chapters. The first chapter presents introduction of the study whereby background of the study and the organization, statement of the problem, research questions, objectives of the study, scope of the study, significance of the study, limitations of the study, definition of terms are include. The second chapter is devoted to reviewing related literatures followed by the third chapter that discusses the methodology that will be used to undertake the study. In chapter four data presentation & analysis are addressed. Chapter five discussions of results and conclusions & recommendations are presented sequentially. Finally, reference and copy of the questionnaires are annexed.

CHAPTER TWO

REVIEW OF THE RELATED LITERATURE

The chapter covers two sections, the Theoretical review and empirical review, in the theoretical review, definition of CRM, the historical perspectives of CRM, the goal of CRM, CRM dimensions, and the application of CRM in service sector. In the Empirical literature review, previous local and foreign applications of CRM are explored.

2.1 THEORETICAL REVIEW

2.1.1 MEANING OF CRM

With the advent of knowledgeable customers and highly competitive market, the traditional transaction based marketing is proved to be obsolete where by the need to solicit customers need before competitors do becomes the way of life for marketers. To do so, understanding and keeping track of customers' needs using relationship based marketing practice become imperative. Moreover, as various authors ascertain, the cost of retaining existing clients is by far less than the cost of attracting new ones. Hence, it has been found that a company stands a much higher chance of doing repeat business when selling to its existing customers; its chances of successfully making repeat sale to an "active" customer standing at 60% to 70%. On the other hand, its chances of successfully closing a sale on a new customer can be as low as 5% and rarely exceeds 20%. Thus, to maintain the existing customers at a least cost as compared to attracting new ones companies realize that interactive marketing which rely on a cooperative and relationship based marketing principles is essential. In the meantime, it has become evident that the satisfaction customers derive from a relationship depends on how the relationship is managed and the benefit of the relationship to the customer as noted by Griffin and Lowenstein (2001).

Gummesson argued that (2004) CRM is born from relationship marketing and is simply the practical application of long standing relationship marketing principles which have existed since the dawn of business itself It builds on the philosophy of relationship marketing in that it aims to create, develop and enhance relationships with carefully targeted customers to maximize customer value, corporate profitability and thus shareholders value as noted by Frow and Payne, (2005).

CRM helps the company by showing them the correct procedures and processes for looking after a customer property. There is customer relationship management information about the customer contact that will make the customer feel very special such as remembering children's name or birthdays. Business goal center are the biggest users of customers RM software as they will lock many customers details that they can refer back to if they need to speak to the customer again. The whole CRM strategy that does not really solely on the installation of CRM soft ware but the theory must start form the ground up with the employees first. The employees must be trained on the Customer relationship theory or CRM theory so that they can get the best for the customer relationship management as reported by CRM website (2012)

Customer relationship management (CRM) has today become a typically area of interest especially with the one set of e-commerce. As CRM is a term used in a broad manner, there is probably a need for the marketing practitioners to understand what it is, its effect on the organization (not just on the marketing aspect), its applicability to an organization and its benefit to customers. There is a need to understand that CRM is an overall strategy for the organization and not just a sells tool with a short term orientation. CRM requires a long term plan, and anything long term requests a strong organizational commitment and appropriate investment. (ibid)

2.1.2 HISTORICAL GROWTH OF CRM CONCEPT

Customer Relationship Management (CRM) is one of those magnificent concepts that swept the business world in the 1990's with the promise of forever changing the way businesses small and large interacted with their customer bases. In the short term, however, it proved to be an unwieldy process that was better in theory than in practice for a variety of reasons. It was simply so difficult and expensive to track and keep the high volume of records needed accurately and constantly update them. In the last several years, however, newer software systems and advanced tracking features have vastly improved CRM capabilities and the real promise of CRM is becoming a reality. As the price of newer, more customizable Internet solutions have hit the marketplace; competition has driven the prices down so that even relatively small businesses are reaping the benefits of some custom CRM programs as noted by. James R. Rosen field (2002)

2.1.3 in the Beginning

The 1980's saw the emergence of database marketing, which was simply a catch phrase to define the practice of setting up customer service groups to speak individually to all of a company's customers. In the case of larger, key clients it was a valuable tool for keeping the lines of communication open and tailoring service to the client's needs. In the case of smaller clients, however, it tended to provide repetitive, survey-like information that cluttered databases and didn't provide much insight. As companies began tracking database information, they realized that the bare bones were all that was needed in most cases: what they buy regularly, what they spend, what they do. (Ibid)

2.1.4. Advances in the 1990's

In the 1990's companies began to improve on Customer Relationship Management by making it more of a two-way street. Instead of simply gathering data for their own use, they began giving back to their customers not only in terms of the obvious goal of improved customer service, but in incentives, gifts and other perks for customer loyalty. This was the beginning of the now familiar frequent flyer programs, bonus points on credit cards and a host of other resources that are based on CRM tracking of customer activity and spending patterns. CRM was now being used as a way to increase sales/Services passively as well as through active improvement of customer service. (Ibid)

2.1.5 True CRM comes of age

Real Customer Relationship Management as its thought of today really began in earnest in the early years of this century. As software companies began releasing newer, more advanced solutions that were customizable across industries, it became feasible to really use the information in a dynamic way. Instead of feeding information into a static database for future reference, CRM became a way to continuously update understanding of customer needs and behavior. Branching of information, sub-folders, and custom tailored features enabled companies to break down information into smaller subsets so that they could evaluate not only concrete statistics, but information on the motivation and reactions of customers. The Internet provided a huge benefit to the development of these huge databases by enabling offsite information storage. Where before companies had difficulty supporting the enormous amounts of information, the

Internet provided new possibilities and CRM took off as providers began moving toward Internet solutions.(Ibid)

With the increased variability of these programs came a less rigid relationship between sales, customer service and marketing. CRM enabled the development of new strategies for more cooperative work between these different divisions through shared information and understanding, leading to increased customer satisfaction from order to end product. Today, CRM is still utilized most frequently by companies that rely heavily on two distinct features: customer service or technology. The three sectors of business that rely most heavily on CRM -- and use it to great advantage -- are financial services, a variety of high tech corporations and the telecommunications industry. (Ibid)

The financial services industry in particular tracks the level of client satisfaction and what customers are looking for in terms of changes and personalized features. They also track changes in investment habits and spending patterns as the economy shifts. Software specific to the industry can give financial service providers truly impressive feedback in these areas.

2.1.6. DIMENSIONS OF CRM

According to many literatures (Sadek *et al.*, 2011, sheth et al., 2000, Sin et al., 2005) CRM was theorized as a multi- dimensional construct consisting of four broad behavioral dimensions: Key customer focus, CRM organization, Knowledge management, and technology-based CRM.

2.1.6.1 Key customer focus

As noted by Sheth *et al.* (2000) a customer-focused structure, culture, policy, and reward system should permeate any organization that strives to implement CRM successfully. This involves an overall customer-centric focus and continuously delivering superior value to selected key customers through personalized/ customized offerings .Key elements of this dimension consist of customer-centric marketing, key customer lifetime value identification, personalization and interactive co-creation marketing.

Accordingly, Sheth *et al.*, (2000) define key customer focus as a composition of dialog with customers on customizing their needs, customizing products, customer needs assessment and implementation of customer needs information. He also indicates that customer-needs driven

CRM strategy involves two steps: first, uncovering insights regarding customer needs and secondly, the development of special programs to meet the discovered needs. Therefore, firms as part of their CRM practices ought to develop CRM strategies that are capable of delivering both economic and non-economic benefits to key customers.

2.1.6.2 CRM organization

CRM means essential changes in the way that firms are organized and business processes are conducted. Therefore, firms should take into consideration the organizational challenges inherent in any CRM initiative as argued by Agarwal *et al.*, (2004). The key considerations in order to successfully organize the whole company around CRM are as follows: organizational structure, organization-wide commitment of resources, and human resources management as noted by Sadek *et al.*, (2011)

Agarwal *et al.*, (2004) observed that with a strong focus on key customers deeply embedded throughout its system, the entire company should be organized around cultivating these valuable relationships. The organizational structure needs to be flexible and, if necessary, reconstructed to generate customer-centric values and improve coordination of customer-focused, cross-functional teams Furthermore, there must also be an organization-wide commitment of resources, with concerted efforts by all organizational functions to continuously provide a stream of value-rich actions and customer outcomes.

2.1.6.3 Knowledge management

According to the knowledge-based view of the organization, the creation, the transfer, and the application of knowledge is the primary rationale for a firm's existence. From a CRM perspective, knowledge can be learned from experience or empirical study of consumer data. Successful CRM is predicated on effectively transforming customer information to customer knowledge Specifically, to enhance customer profitability, information about customers should be gathered through interactions or touch points across all functions or areas of the firm, so that all rounded customer view is established, maintained, and continually updated .Customer knowledge thereby generated needs to be shared and disseminated throughout the organization to address customers' current and anticipated needs as noted by Sadek *et al.*, (2011).

Janz and Pras (2003) identified three fact of knowledge management competence. They are

knowledge development, knowledge dissemination, and knowledge application. One important feature of knowledge development is the fact that knowledge is not found in the database of any firm and can only be created from information that may be found in the database or elsewhere. Such knowledge includes, but is not limited to, knowledge about one's company, industry, competitors, customers, the procedures and processes that allow firms to work well with partners, and the organizational structures that allow firms to be efficient and effectively. Overall, key facts of this construct include learning about customer needs and wants, dissemination and sharing of this knowledge and action.

2.1.6.4 Technology-based CRM

Accurate customer data is necessary to successful CRM performance. Consequently, the technology has an important role in CRM in adding to firm intelligence described CRM technology as one of the organizational resources that serves as an input into the CRM process and is intended to enhance firms' ability to productively build and maintain a profit-maximizing portfolio of customer relationships as argued by Abbott *et al.*, (2001). In reality, the advancement in Information Technology has the capability to collect, analyze, and share customer information which will lead to a customer satisfaction and thus retaining customers. The CRM calls for "information-intensive strategies" which utilize computer technologies in building relationships such as: computer-aided design/ manufacturing, data warehouses, data mining and CRM software systems that enable the firms to provide greater customization with better quality at lower cost. In addition, it helps the staff at all contact points to serve the customers in a better way. Therefore, many customer-centric activities would be impossible without the use of an appropriate technology as noted by Abbott, 2001).

To sum up, the successful CRM implementation depends on combining the four aforementioned dimensions - focusing on key customers, organizing around CRM, managing knowledge and incorporating CRM-based technology into an effective overall CRM strategy. Failing in any of these aspects can render the firm's CRM activities incompetent.

2.1.7 BENEFITS OF CRM

Early CRM researchers had hypothesized that CRM's benefits varied by industry as the processes and technologies associated with CRM were tailored to specific industry structures (Rust et al., 1993). However, findings in a recent cross cultural, multi-industry study of CRM

done by other scholars support the notion that desired CRM benefits do not vary greatly across industries or countries, as had earlier been thought. This later finding lends support to the idea that core benefits associated with CRM initiatives exist across contexts. The identified core benefits were;

- ✓ **Lower cost of recruiting customers:** The cost for recruiting customers will decrease since there are savings to be made on marketing, mailing, contact, follow-up, fulfillment, services, and so on.
- ✓ **No need to recruit so many customers to preserve a steady volume of business:** The number of long-term customers will increase and consequently the need for recruiting many new customers decreases.
- ✓ **Reduced costs of sales:** The costs regarding selling are reduced owing to that existing customers are usually more responsive. In addition, with better knowledge of channels and distributors the relationships become more effective, as well as that costs for marketing campaigns is reduced.
- ✓ **Higher customer profitability:** The customer profitability will get higher since the customer wallet-share increases, there are increases in up-selling, cross-selling and follow-up sales, and more referrals comes with higher customer satisfaction among existing customers.
- ✓ **Increased customer retention and loyalty:** The customer retention increases since customers stay longer, buy more and buy more frequently. The customer does also more often take initiatives, which increase the bounding relationship, and as a result the customer loyalty increases as well.
- ✓ **Evaluation of customer profitability:** The company will get to know which customer are profitable, the ones who never might become profitable, and which ones that might be profitable in the future. This is very important since the key to success in any business is to focus on acquiring customers who generate profit, and once you have found them, never let them go. (Person-p.11)

2.1.8 CRM AND THE SERVICE SECTOR

Berry (1983) was the first who uses the term relationship marketing in services sector. Since then over the last three decades a considerable volume of literature, conference papers, working paper

series in this areas were published.

According to researchers, the extent of CRM benefits to an organization will vary depending on the nature of the business concerned. They are likely to be more substantial in the case of any organization that has some or all of the following characteristics:- frequent customer interactions and purchases, high cross-selling potential, perceived risks and involvement, and profitability .Thus service firms especially financial organizations and telecommunications are regarded as companies that most likely to benefit from CRM implementation due to the fact that they collect and accumulate a lot data on each customer as noted by Bose (2002).

On the contrary, the disintermediation process and consequent prevalence of CRM is also due to the growth of the service economy. Since services are typically produced and delivered at the same institution, it minimizes the role of middlemen. Between the service provider and the service user an emotional bond also develops creating the need for maintaining and enhancing the relationship. It is therefore not difficult to see that CRM is important for scholars and practitioners of services marketing. Also, customer expectations have been changing rapidly over the last two decades. Fueled by new technology and the growing availability of advanced product features and services, customer expectations are changing almost on a daily basis. Consumers are less willing to make compromises or trade-offs in product and service quality. In a world of ever changing customer expectations, building cooperative and collaborative relationships with customers seems to be the most prudent way to keep track of their changing expectations and appropriately influencing them as argued by Sheth & Sisodia (1995).

2.1.9 CRM in the Banking Industry

Bank is merely an organization that accepts deposits and lends money to the needy persons, but banking is the process associated with the activities of banks. It includes issuance of cheque and cards, monthly statements, timely announcement of new services, helping the customers to avail online and mobile banking etc. Huge growth of customer relationship management is predicted in the banking sector over the next few years. It is a sound business strategy to identify the bank's most profitable customers and prospects, and devotes time and attention to expanding account relationships with those customers through individualized marketing, pricing, discretionary decision making. In banking sector, relationship management could be defined as having and acting upon deeper knowledge about the customer, ensure that the customer such as

how to fund the customer, get to know the customer, keep in touch with the customer, ensure that the customer gets what he wishes from service provider and understand when they are not satisfied and might leave the service provider and act accordingly.

According to Das, *et al.* (2009), CRM in the banking industry is entirely different from other sectors, because banking industry is purely related to financial services, which needs to create trust among the people. Establishing customer care support during on and off official hours, making timely information about interest payments, maturity of time deposit, issuing credit and debit ATM card, creating awareness regarding online and e-banking, adopting mobile request etc are required to keep regular relationship with customers.

The present day CRM includes developing customer base. Accordingly, the bank has to pay adequate attention to increase customer base by all means, it is possible if the performance is at satisfactory level, the existing clients can recommend others to have banking connection with the bank he/she is operating. Hence asking reference from the existing customers can develop their client base. If the base increased, the profitability is also increase. Hence the bank has to implement lot of innovative CRM to capture and retain the customers .There is a shift from bank centric activities to customer centric activities.

CRM in banking sector is still in evolutionary stage, it is the time for taking ideas from customers to enrich its service. The use of CRM in banking has gained importance with the aggressive strategies for customer acquisition and retention being employed by the bank in today's competitive scene. This has resulted in the adoption of various CRM initiatives by various banks. (ibid)

2.2 EMPIRICAL REVIEW

2.2.1 The Practice of CRM in Commercial Banks of Ethiopia

Webalem (2012) investigates the practical application of CRM in one of the leading state owned commercial bank in Ethiopia, CBE. She had assessed CRM application effectiveness from the four behavioral dimension of CRM which are Customer focus, Organizational dimension; Technology based dimension, and Knowledge management. The data were collected from selected branches, and 300 customer's perception on CRM deployment and a sample 58

employees who are engaged in CRM deployment were part of the investigation.

Accordingly, employees perceive CBE as a company that is highly organized around CRM while its performance perceived to be unsatisfactory regarding the application of technology based CRM as compared to the other dimension used to assess the application of CRM as a whole.

To the contrary, customer perception about CRM application in CBE were also investigated, thus the finding show that CBE has been doing well in the CRM organizational dimension as compared to other dimension by recording the lowest performance in technology based CRM performance.

Finally the finding concludes that CBE technology based CRM performance as observed from the level of automation in the service and other function is low. And end up with recommendation on adopting CRM based technology as enabler of CRM in general and its dimension in particular.

2.2.2 The Impact of CRM on Customer Retention and Development

Peter C. Verhoef et al (2003) investigates the Effect of Customer Relationship Management Efforts on Customer Retention and Customer Share Development in the financial and data support of a Dutch financial services company, he have questioned the effectiveness of several customer relationship management strategies. The author investigates the differential effects of customer relationship perceptions and relationship marketing instruments on customer retention and customer share development over time.

First, he tried to explore and understand the effect of CRM on customer retention and customer share development over time. Second, he examine whether the effect of CRM on customer retention and customer share development is different. The study analyzes questionnaire data on CRPs, operational data on the applied RMIs, and longitudinal data on customer retention and customer share of a (multiservice) financial service provider.

Customer relationship perceptions are considered evaluations of relationship strength and a supplier's offerings, and customer share development is the change in customer share between two periods. The results show that effective commitment and loyalty programs that provide economic incentives positively affect both customer retention and customer share development, whereas direct mailings influence customer share development. However, the effect of these variables is rather small. The results also indicate that firms can use the same strategies to affect both customer retention and customer share development.

2.2.3 The Impact of CRM, On Customer Satisfaction and Loyalty

Khaligh *et al.* (2012) investigate the impact of CRM on customer loyalty and retention in the telecom industry Iran. The data are collected from 200 Iranian telecom services users. Finding shows that commitment and vision of the management system is highly required for a successful CRM implementation. The structure of the strategy should be based on flexibility and explicitly of the policies especially pricing policies. These factors are very important to increase customer loyalty and benefit of the firm.

According to the research by Bhattacharya (2011), CRM is implemented in an organization to reduce cost and increase company performance, which means profitability result through customer loyalty. Indeed, in a successful CRM implementation, data are collected from internal and external source such as sales department, customer service, marketing, after sales services, procurement, and others. This is crucial in obtaining a holistic view of each customer requirement in a real time system. This information will able to aid employees to make fast and accurate decision when dealing with the customers in different areas and touch points. The finding of this study shows that the customer perception and treatment given to each customer individually able to assist in solving many customers' problems. Thus, customer satisfaction and loyalty would be achieved through a successful CRM implementation. Therefore, organization should discover different requirements of the customers and adjust their policies according to their needs to increase the firm's competitiveness.

According to the conceptual framework proposed by Faed (2010), customer relationship management amplifies the relationships of customers and competitors in a firm to increase the share of the organization in marketplace by integrating technology, procedures and people. The aim of CRM is to maintain the customers and increase their loyalty and organization profit. Customer satisfaction and pleasing are two main elements in a successful CRM implementation for retaining customer's loyalty to a firm.

Kim *et al.*, (2003) stress that each perspective of the CRM framework is evaluated by a set of related metrics. In this regards, a case study has been carried out by to an online shopping company in South Korea that sales 30,000 products in 12 categories. This company ranked as 18th online shopping mall in South Korea. Data collected through experts' interview, questionnaires and weblog analysis. Findings illustrates that, the factor which is very important to increase customer satisfaction, customer loyalty and benefits of the firm is to clear all

vagueness and implicit problems that exist in the top level of strategic managements. A single and explicit language would be provided for accurate communication in an organization.

According to a study on 100 firms who are active in different area of industry such as: manufacturing, communication, financial and others, Bohling *et al.* (2006) develop a number of criteria to implement CRM successfully. These criteria are divided to three main groups:

- Project focused
- Internally oriented metrics, employees' adoption
- Externally oriented metrics, customer satisfaction and loyalty

According to the findings, the most important externally oriented criteria are as follows:

- Verified customer influence in terms of loyalty and satisfaction
- Measureable revenue development
- enhanced information and perception
- Measurable cost drop
- Enhanced employee efficiency
- Practice by employees
- Compliance to particulars

Wang and Lo (2004) found that CRM model is based on two perspectives. First, measures the factors related to customer behavior such as: repurchasing, cross and up selling and customer acquisition rate, and second, measures the relationship quality, such as customer satisfaction and customer loyalty (Wang & Lo, 2004). Data were collected randomly from 400 selected customers of two security companies from China. The finding shows that emotional and functional behavior of customers has positive impact on customer satisfaction and customer satisfaction has positive effect on customer behavior based on CRM elements. Finally, the result of this study shows that customer behavior based on CRM have a positive effect on customer and brand loyalty.

Zineldin, (2006) developed a triangle strategy between quality, CRM, and customer loyalty which is leading to companies competitiveness. This research was designed to measure satisfaction and loyalty of the customers based on two main conditions where the customer database information and strategy of CRM should be well structured and the capacity of the system should be enough to produce data for accurate analysis. According to the findings of the research, any changes of the quality of the services or productions in a firm over time could be

used as an indicator to find the level of customer loyalty through a well-structured CRM strategy. If the indicators of interaction, infrastructure, and atmosphere are linked to the product and process quality, it helps the researchers to find what changes are required in CRM strategy to improve customer satisfaction and loyalty.

Izquierdo *et al.* (2005) developed a model in which, car repair and maintenance are tested as a case where long term customer relationship is frequentative. Path analysis is used to evaluate the association of customers' perception, market loyalty and market position. The hypotheses were evaluated using a path analysis, which examines the relationship between marketing activities and economic performance. This model is proposed based on performance of the market and economic. The measures of proposed model are as follows

- The position of Market
- Customer Loyalty
- Customer insight
- Economic and market performance

The findings suggest that CRM implementation include attraction activities which are service quality, commercial practices and loyalty programs such as bonus, contact, satisfaction and complaints handling. This result in appropriate perception of customers leading to increasing customer loyalty and therefore, economic performance of the firm would be increased.

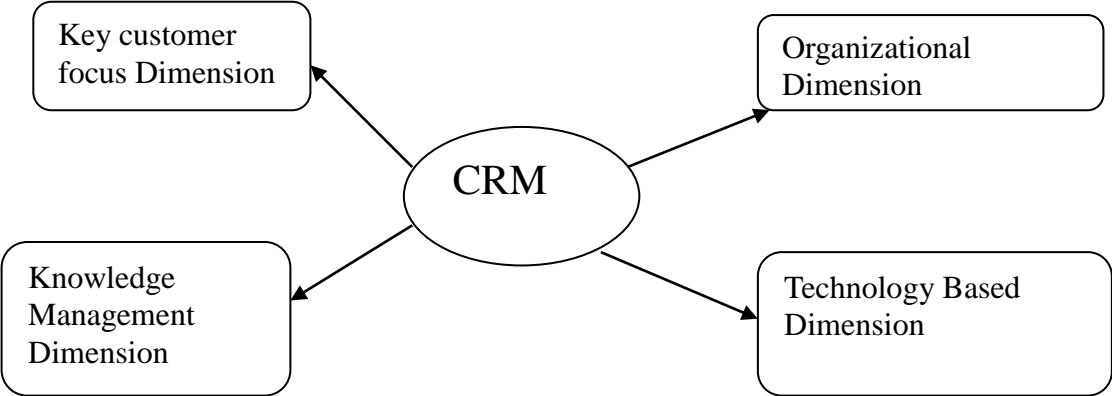
Feinberg and Kadam (2002) argue that emphasizing to online business rather than traditional way of business is necessary nowadays. So in this way, the usage of internet provides an opportunity for business to use it as a tool for CRM. According to their research, there are 42 different e-CRM features used by the retailers. The finding shows that there is significant relationship between CRM implementation on websites of the retailers and customer satisfaction which leads to customer loyalty. However all attributes of implemented CRM are not equal in terms of predicting the customer satisfaction and loyalty (Feinberg and Kadam , 2002).

2.3. Conceptual Framework

As indicated on the review of related literature many researchers have indicated a positive impact of CRM dimension i.e. key customer focus, organizational dimension, knowledge management and technology on Customer Relationship Management.

A conceptual model or logically developed, described and elaborated network of association

among variable that have been identified through such processes as interviews observations and literature survey upon which an entire research project is based (Sweeney, 1988). Framework can be used like a travel map. In this study a conceptual framework will be designed which derived from customers satisfaction whereas this conceptual framework shows a relationship that existing between variables used in the present study.



Source: researcher constructed, 2017
Figure.2.3.1: Figure 2.3.1 Conceptual framework

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter deals with the methodology of the study whereby the research design, Target population, sampling technique and sample size determination, source of data collection, method of data collections, validity and reliability of the instrument, methods of data analysis and Ethical consideration are discussed.

3.1 Research Design

The study used descriptive research design in gathering information, procedure adopted in conducting the research, the techniques uses in analysis as well as presentation of data collected, because it tries to describe and explain the data for the purpose of describing the nature of existing conditions finally to describe facts in the field. Descriptive study is concerned with determining the frequency with which something occurs or the relationship between variables (Churchill, 1991). According to cooper (1996), a descriptive study finds out who, what, where, and how of a phenomenon as it exist in situation. To accurately get the information, questionnaires were employed and quantitative approaches are used. More specifically, a survey data on the four dimensions of the CRM was collected both from the customers and employees of AIB to assess the practice of CRM.

3.2 Target population

To achieve the research objectives customers and employees of AIB in Addis Ababa are the target population of the study. As it is impractical to asses all branches of AIB found in Addis Ababa, a purposeful sampling is found to be the most appropriate for this study, because ‘information- rich’ targets can be selected so as to learn much about the issues that are important to the study.

To do so, the branches in Addis Ababa were categorized into sub-groups as per the Bank`s branch grading system. This grading system includes branches from Grade I to Grade IV based on volume of transaction, variety of services provided, site location, facilities and staff strength, cash holding limits and other similar considerations.

After the identification of all the city area Branch grade information two Branch from each grade taken as a sample and a total of 8 branches had seen from each grade (Grade I- IV).

After the identification of specific number of branches, Focusing in the 8 branches is believed to provide the necessary data for the study since the overall structural platform across branches in the AIB is uniform. Moreover, a sample of 8 branches is presumed to enable access to multiple portfolios of customers and employees of the Bank as the branch rating criteria enable the identification of branches where it provides diversified services. Furthermore, as the credit customer, marketing workforce located mainly in the head office, the respective credit Customers and customer relationship officer's and managers of the Bank are also included in the sample.

3.3. Sampling Technique and Sample size determination

The purposive sampling procedure was employed. A purposive sampling is a sample of study units are purposively sampled from a pre specified group. To calculate sample size Yamane (1967:886) simplified formula proportion is used. A 93% confidence level, e=+7% are assumed.

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

$$\frac{132,522}{1 + 132,522(0.07)^2}$$

Where n= number of sample size=204

N= Total number of study population size=132,522

e= Level of precision =0.07

Overall, 45 employees that work in the customer relationship management areas of the 8 branches and in the head office and 204 customers of AIB having a business relationship with one of the branches were included in the sample. The number of customers in each branch was derived from the Planning, Research and business development Department (PRDD) of the Bank as depicted in Table 3.1 below.

According to Miaoulis and Michener, (1976), in addition to the purpose of the study and population size, three criteria usually need to be specified to determine the appropriate sample size: the level of precision, the level of confidence or risk, and the degree of variability in the attributes being measured. The *level of precision*, sometimes called *sampling error*, is the range in which the true value of the population is estimated to be. This range is often expressed in percentage points, (e.g., ±7 percent). The key idea encompassed in level of confidence is that when a population is repeatedly sampled, the average value of the attribute obtained by those

samples is equal to the true population value and the *degree of variability* in the attributes being measured shows the distribution of attributes in the population. Based on this premises, the writers have devised strategies to determine sample size for different number of populations. Accordingly, for a population that is more than 132,522 at the confidence level of 95% and precision level of $\pm 7\%$ the number of responses that should be obtained shall count up to 204. Using the same approach, in these study 204 questionnaires was prepared and proportionally set and distributed to all the 8 branch accordingly to meet up to the required level of number of responses from customers of AIB. While 45 questionnaires were distributed to employees who work in the customer relationship area of the 8 branches and Head office as well.

Name of Branch	Current Account Customers	Saving Account Customers	Time deposit customers	Credit Service Customers	Total
Grade-I					
Head office	2,960	49,539	17	63	52,579
Finfine	2,595	18,248	6	22	20,871
Grade –II					73,450
Mehal Arada	911	21,170	2	8	22,091
Africa Andnet	704	15,407	3	17	16,131
Grade III					38,222
Ledeta	360	8,625	1	7	8,993
Aada Georgis	363	8,744	3	1	9,111
Grade IV					18,104
Wehalemat	163	1,194	1	-	1,358
Meskel Flower	150	1,238	-	-	1,388
					2,746
Total population					132,522

Table 3.1 Customer distributions among the selected Grade (I-IV) Branches of AIB, As of

DEC, 2016,

3.4. Source of data collection

Primary and secondary data was used for the study:

3.4.1. Primary Data

Questionnaires were distributed to customers and employees of the bank believed to spend their time genuinely fill the questionnaire.

3.4.2. Secondary Data

Secondary data are data obtained from literature sources or data collected by other people for some other purposes. Secondary data was obtained from document review; the use of Internet was of great help in obtaining some information. However, a number of other sources were received including past research papers, published reports, journals and textbook. This helped to see what others say about the subject matter, what are their findings and recommendations.

3.5. Method of data Collections

The researcher collected data by using one method which is questionnaire.

3.5.1. Questionnaire

Questionnaire refers to a series of questions asked to individuals to obtain statistically useful information about a given topic. When properly constructed and responsibly administered, questionnaires become a vital instrument by which statements can be made about specific groups or people or entire populations (Babbie, 2004). By virtual of their position and being able to read and write the self administered questionnaire to customers, and bank staff members were given for collection of data. Data were collected mainly from survey through questionnaires. The questionnaire developed by Das, *et al.*, (2009) has been adopted to undertake this study. It contains statements that are specifically designed to assess CRM practices of firms in relation to the four behavioral dimensions of CRM – Key Customer focus, CRM organization, Knowledge Management and Technology-based CRM. The questionnaires were composed of two sections. The first section collected data on the profile of respondents. The second section contained on five point Likert Scale to assess CRM practice.

The Structured questionnaires were used to solicit primary data from employees and customers of the AIB. Questionnaires distributed to customers were labeled as “customer questionnaire” and distributed to employees “employee questionnaire” to avoid mix ups of responded questionnaires during data collection. The ‘employee questionnaire’ was given to the concerned Branch Managers, customer service officers, customer service supervisor, and marketing officers. Consequently, the Branch Managers further distribute them to the customer under their domain. Since the Managers and Officers are the one with which customers are frequently engaged, the ‘customer questionnaires’ were given to them who further distribute it to the customers and receive the responses thereby.

Accordingly, 45 employee questionnaires and 204 customer questionnaires were distributed to the respective Branch Managers or customer relationship managers/officers of the 8 branches and head office.

3.6. Validity of the instrument

The validation was done by gathering opinions from my supervisors, from those who directly working in respective departments, who supervises the operations and customers. The researcher used standardized questionnaire so the instrument is already valid and tested.

3.7. Reliability of the instrument

Reliability refers to whether a measurement instrument is able to yield consistent results each time it is applied (Saunders et al., 2000). It is the property of a measurement device that causes it to yield similar outcome or results for similar inputs. This implies that responses to a reliable survey will vary because respondents have different opinions, not because the questionnaire items are confusing or ambiguous. The researcher started the data analysis by examining the reliability of the sample data. Cronbach’s alpha reliability coefficient normally ranges between 0 and 1. However, there is actually no lower limit to the coefficient. The closer Cronbach’s alpha coefficient is to 1.0 the greater the internal consistency of the items in the scale. George and Mallery (2003) provide the following rules of thumb: “_ > .9 – Excellent, _ > .8 – Good, _ > .7 – Acceptable, _ > .6 – Questionable, _ > .5 – Poor and _ < .5 – Unacceptable” (p. 231).

Table 3.7 Reliability Statistics

Cronbach's Alpha	No of Items
.989	27

From the table 3.7, the value for Cronbach’s Alpha (α) was 0.989 for all variables. When these calculated reliability values are greater than to 0.90, and compared with the minimum value of alpha 0.600 advocated by Cronbach’s (1951), then the responses generated for all of the variables’ used in this research were reliable enough for data analysis.

3.8. Methods of Data analysis

The study is designed to solicit to what degree CRM has been practiced by AIB in applying the dimensions of the CRM. The data were analyzed using the Statistical Package for Social Science

(SPSS) version 20.0 software using tables and other descriptive statistics (Mean, Standard deviation) as found appropriate. This software has been widely used by researchers as a data analysis technique. Specially incase of likert scale psychometric analysis.

Data analysis was conducted using quantitative approach. Descriptive data analysis is a systematic process involving working with data, organizing and dividing them into small manageable portions. Analysis was done based on the research objectives which are being presented according to the research objectives.

Analysis of data in this research is done using statistical tools like frequency and mean. In order to support the analysis tables and percentages from survey result are also incorporated. Data analysis was performed using SPSS software.

The analysis to address the research questions is done by first calculating the mean score for each dimension in the respective respondent groups. Based on the results of this score the achievement of AIB in each dimension is ranked for the respective employee and customer respondent groups.

Lastly, the overall mean score of CRM as perceived by employees is compared with that of customer's perception mean score of CRM.

3.9. Ethical Consideration

Ethics is one of the major considerations in research. Hence this study was conducted in a good manner while considering personal values. A researcher only deals with the subject matter whereas it observed and keeps all issues outside the study at the field. The responsibility of ensuring that a respondent is respected was the order of the day and thus personal matters were avoided to the great extent. Therefore the study has incorporated the following ethical considerations.

- Respondents were clearly communicated about the objective of the study before they were asked to give their answer.
- Respondents were not asked about their name, race and religion etc.
- The questionnaire was distributed after getting the consent of the bank.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

In this chapter, the collected data from the employees and customers of the eight branches of AIB are summarized and analyzed in order to realize the ultimate objective of the study. Accordingly, the demographic profile of the two respondent groups and the level of CRM practice as perceived by its employee and customers are discussed. And the commitment level of the Company towards Executing the CRM dimension by the employee of AIB explored in line with the customer response analysis, summary of the findings are presented.

4.1 BACKGROUND OF THE RESPONDENTS

Table 4.1.1 Background Characteristics of the ‘Employee questionnaire’ respondents

Variable	Categories	Frequency	Percent
Gender	Male	31	86.21
	Female	9	13.79
	Total	40	100
Age	20-29	12	30
	Total	40	100
Educational level	Diploma	0	0
	Degree	36	90
	Masters	4	10
	PhD	0	0
	Total	40	100
Job Title	Branch manager	8	20
	Customer service supervisor	8	20
	Customer Relationship Officer	15	37.5
	Business Development manager	4	10
	Marketing Officer	5	12.5
	Total	40	100
Job Experience	1-5Years	17	42.5
	6-10 Years	10	25
	11-15 Years	10	25
	More than 15 years	3	7.5
	Total	40	100

Source: SPSS data analysis output, 2017

Table 4.1.1 presents the summarized characteristics of respondents from ‘Employee questionnaire’ that are mainly involved in customer relationship management activities of AIB.

From the entire 45 questionnaire distributed to employee 40 questionnaires were actually collected in time and employee response analysis is conducted as follows accordingly.

The male respondents constitute the largest share of the gender composition representing 86.21% of the respondents while 13.79% were female employees. In terms of educational level 90% of the respondents were degree holders while 10% of the respondents were also found to be MBA holders. With respect to age range 50% fall between 29-39, while the rest 50% of the respondents between 40-50 years of age.

An equal percentage of Branch managers and customer relationship supervisor were involved in the study (20%) while the Business development manager and Marketing Officer constitute 10% and 12.5% of the respondent respectively.

Finally, the respondent distribution shows that nearly 25% of the respondents were highly experienced in the banking sector being in the industry between 4-10 and 11-15 years respectively. Accordingly, the employees with job experience of less than 15 years but greater than 11 years takes similarly 25% while those who are less experienced in the business arena constitute 45.5% of the respondent's which also takes the lion share of the respondents profile.

Table 4.1.2 Background Characteristics of the 'customer questionnaire' respondents

Variable	Categories	Frequency	Percent
Gender	Male	124	65.26
	Female	66	34.73
	Total	190	100
Age	20-29	35	18.42
Purpose used	Personal	53	27.89
	Business	17	8.94
	Both	120	63.15
	Total	190	100
Service used	Saving Account	175	83.73
	Current account	140	66.69
	Credit Services	70	33.49
	Automatic Teller Machine (ATM)	70	33.49
	Money Transfer	105	50.23
	Forex exchange	1	0.48
Length of relationship with AIB	1-3 Years	24	12.63
	4-10 Years	140	67.68
	More than 10 Years	26	13.68
	Total	190	100

Source: SPSS data analysis output, 2017

The summarized profile of customer respondents is shown in table 4.1.2. As observed from the table the gender composition of the respondents is dominated by male respondents, which constituted 60.52% of the respondents while the rest is attributed to female respondents.

Regarding age distribution 63.15% of respondent fall in the age range between 30-39, while 18.42 % of the respondent represent the age group of 20-29, the rest took respondent share covered with (40-49)7.81% & (50 & above)10.52% respectively

Concerning the purpose for which the customers use the services rendered by AIB, majority of the respondents were found to be using the services for both personal consumption and business purposes. This shows that the respondent profile is pervasive enough to explore AIB`s level of CRM practices as customer`s perception represent assessments made from both angles. Moreover, customers that use AIB`s services for personal consumption constituting 27.89% and those that use it for business purposes representing 8.94% of the respondents were also included in the study.

As to the services that are used in AIB, saving account users take the lion share followed by current account users comprising 83.73% and 66.69% of the respondents, respectively. Of the cheque account users 33.49% of them uses the credit service of the bank as well. Thus, it is of a significant contribution to the output of the study since credit service customers are found to be the major contributors for the Bank`s profitability. Other service users constitute 33.49%, 50.23% and 0.48% of the respondents profile for Automatic Teller Machine, Money transfer customers, forex exchange respectively.

For the inquiry regarding the length of relationship with the Bank either for personal consumption or business purpose, most of the respondents were found to be using AIB`s services for years that range from 4-10 but those with the least number of years relationship with the Bank represent only 12.63 % of the respondents. Hence, this is believed to prove the outcome of the study in revealing the perception of those customers that are in a position to compare and contrast AIB`s service endeavors since they have experience in AIB both before and after the adoption of the CRM practices.

4.2 LEVEL OF PRACTICE OF THE COMPONENTS OF CRM IN AIB

The main objective of the study is to assess AIB practice CRM as measured by the four behavioral dimensions. To do so, both employees and customers of AIB were asked to rate the

level of CRM practices on a Likert scale of 1 through 5. The questionnaires were distinguished based on the heading given for each of them either “employee questionnaire” or “customer questionnaire”.

In the following section the data collected is analyzed in two sections, devoted for each group of respondents, so as to explore their perception as to AIB`s extent of deploying the four dimensions of the CRM in particular and CRM in general.

4.2.1 LEVEL OF CRM PRACTICE – EMPLOYEE`S PERCEPTION

The data was collected to assess the perception of employees that work under the title of customer relationship officer, customer relationship supervisor, business development manager and branch manager, marketing analyst as to AIB`s level of CRM practice measured using the four behavioral dimensions.

Accordingly, the resultant output is shown in table 4.2.1 where the extent of CRM application in AIB is demonstrated by the mean score achieved by each dimension under consideration.

Table 4.2.1 Level of practice of the dimensions of CRM - Employee`s Perception

Behavioral component	N	Mean	Std.Dev.	Ranking
Key customer Focus	40	4.262	0.738	1
CRM organization	40	3.996	0.673	3
Knowledge Management	40	4.135	0.613	2
Technology Based CRM	40	3.207	0.570	4
CRM Practice	40	4.062	0.690	-

Source: SPSS data analysis output, 2017

As clearly seen from the table 4.2.1, the CRM key customer focus dimension has got the highest mean score(4.262) as compared to the other three dimensions standing first in the group followed by the knowledge management dimension and organization dimensions of CRM. On the contrary, the technology-based CRM dimension achieved the least mean score (3.857), which evidently puts it in the fourth order rank among the group. Hence, its employees perceive AIB as a company that is highly organized around key customer focus CRM while its performance is perceived to be unsatisfactory regarding the application of technology- based CRM as compared to the other dimensions used to assess the application of CRM as a whole.

4.2.2 Key Customer Focus

The collected data is used to assess the extent to which the employees, working in Customer relationship management areas, perceive AIB as focused on key customers. The attribute of key customer focus dimension of the CRM are included in the items that are used to measure the same. Among these, the provision of customized services, determination to constantly delight those customers and strengthening the emotional bonds with them were the major ones.

A descriptive statistics tool that shows the central tendency using mean and standard deviation for the responses given in a five point Likert Scale was calculated using SPSS. The highest mean figures represent the high level of agreement with the item under consideration while the lowest signify high level of disagreement with the scale item.

Table 4.2.2 Descriptive statistics –key customer focus

key customer focus Attributes	N	Mean	Std. Deviation
My Bank provides customized service to key customers	40	3.93	.829
we strive to constantly surprise and delight our key customers	40	4.29	.580
we strength the emotional bonds with key customers by	40	4.25	.840
we do co branding and affinity partnering program	40	4.35	.075
we leverage the power of word of mouth using referral	40	4.73	.452
we use the concept of relationship pricing	40	4.28	.816
we do cross selling of product	40	4.15	.580
Valid N (list wise)	40		

Source: SPSS data analysis output, 2017

As shown in the table 4.2.2, the highest level of agreement with mean value of 4.73 is recorded for the Bank` to use the power of word of mouth using referral marketing while the provision of customized service to key customers item scored the least mean figure. At glance, one can observe that almost all of the mean scores are above the simple average of the scale, except for a single particular item. Hence, it is confident to say that AIB is a bank that leverage the power of words of mouth, surprising its key customers, striving to strength the emotional bond by wishing them on important occasions and doing cross selling as well. Yet, its performance as to customizing its service to key customer found at low level in this particular dimension of CRM.

4.2.3 CRM Organization

This dimension appraise the extent of CRM practice from organization wide perspectives where the top management strategic focus, the premises of making marketing decisions and human

resource management and development aspects were assessed to do so.

The dimension is comprised of eight items responded on a five point Likert scale where the highest being strongly agree and the lowest representing strongly disagree. Accordingly, the mean and standard deviation statistics value for each item is calculated and presented in table 4.2.3 below. The table shows that having a variety of distribution channels/branches and the establishment and monitoring of customer centric performance standards at all customer contact points represent the highest and lowest mean figures, respectively as compared to the other items tested using descriptive statistics. Of the eight items, 60.35% of them have a mean score that is greater than the overall mean showing a relatively significant achievement in this particular dimension. Thus, it is safe to say that except for the poor practice in establishing and monitoring customer centric performance standards across all customer contact points. AIB`s application of the CRM organization dimension as perceived by its employees is encouraging especially in providing customer convenience using a variety of distribution channels/branches.

Table 4.2.3 Descriptive statistic CRM organization

CRM organizational Attributes	N	Mean	Std.
Our top mgt accept and provide leadership	40	4.45	.749
AIB commits time and resources in managing customer	40	4.33	.474
Our systems are designed to make it easy for customers	40	4.02	.891
We provide increased customer convenience using different	40	4.53	.506
We deliver a reliable customer experience across all contact	40	2.95	.815
Customer centric performance standards are established	40	3.56	.662
CRM responsibilities of customer contact employee are	39	3.85	.641
Our front line employees are encouraged and empowered	39	4.38	.782
Valid N (list wise)	38		

Source: SPSS data analysis output, 2017

4.2.4. Knowledge Management

This dimension is concerned with adapting customer data into intelligence in order to understand customers need more preciously and provide products and services that are superior and congruent with those needs. To assess employees perception as to the extent of knowledge management application in AIB`s CRM endeavors, eight items were used which were responded

on five point Likert scale that goes from strongly disagree to strongly agree points.

Based on the survey questionnaires a descriptive statistics is calculated resulting in a mean and standard deviation score where the highest mean indicates a high level of agreement and the lowest signifying high level of disagreement. Table 4.2.4 shows the output of the sample statistics.

Table 4.2.4 descriptive statistics – knowledge Management

knowledge Management Attributes	N	Mean	Std.
we take customer feedback seriously and reply to them	40	4.15	.533
we have effective customer recovery strategies including	40	4.40	.744
customer and employee feedback is taken using direct mail	40	4.33	.764
the bank broadcast to the employees feedback given by the	40	4.20	.564
we use information from customer to design or improve our	40	3.82	.446
we analyze the cause of customer defection through exit	40	4.10	.607
we do customer classification using customer life time value	40	2.87	.853
The Bank has a differential reward system that rewards	40	4.48	.640
Valid N (list wise)	40		

Source: SPSS data analysis output, 2017

As one can observe from the table 4.2.4, AIB having a well-developed privacy policy secured the highest mean figure while the deficiency in segmenting customers using customer lifecycle value strategies resulting in the minimum mean score among the tested items. Of the remaining items AIB's ineffective performance with regard to analyzing customer defection is the least while having differential reward system that rewards customers is with the highest mean score among the items under consideration. Overall, AIB's extent of applying the knowledge management dimension of CRM is satisfactory except for the one items as seen in the table where the mean is found to be below the simple scale average.

4.2.5 Technology-based CRM

Under this dimension, the extent of CRM practices is assessed from technological capability perspectives i.e. whether or not AIB has the latest technology at hand to undertake CRM proficiently.

In soliciting the employees perception of the extent of technology-based CRM practices of AIB, four items are used to be responded on a five point Liket scale where the highest point represent strongly agree and the lowest representing strongly disagree. Accordingly, mean comparison

statistics is calculated where the overall mean score is less than the bottom line item mean average of the scale. Moreover, the item ‘our bank use technology to automate marketing sales and service function ‘ scored a mean that is even below the total average mean indicating AIB’s failure to do so. However, it is of considerable achievement technology easiness for use by the customer. Taken as a whole, one can say that the extent of application of the technology-based CRM in AIB as perceived by its employees is at the infant stage.

Table 4.2.5 Descriptive statistics- Technology-based CRM

Technology-based CRM Attributes	N	Mean	Std. Deviation
our bank use latest techno to automate marketing sales and	40	2.98	.158
our information system are designed to give comprehensive	40	3.00	.599
our technology are easy to use by the customer	40	3.45	.815
our technology product have created convenience among our	40	3.40	.709
Valid N (listwise)	40		

Source: SPSS data analysis output, 2017

4.3. LEVEL OF CRM PRACTICES – CUSTOMER’S PERCEPTION

Data was analyzed to assess the level of CRM practices in AIB across the four behavioral dimensions using descriptive measures that were used in most of the CRM researches that deals with the deployment of CRM in the service industry.

Accordingly, table 4.3 shows the summary of the data collected from customers of the surveyed branches.

Table 4.3 Level of practice of the dimensions of CRM- Customer`s Perception

Behavioral component	N	Mean	Std.Dev.	Ranking
Key customer Focus	190	4.083	0.804	1
CRM organization	190	3.905	0.788	2
Knowledge Management	190	3.885	0.791	3
Technology Based CRM	190	3.243	0.948	4
CRM practice	190	3.779	0.833	-

Source: SPSS data analysis output, 2017

As it can be seen from table 4.3 AIB has been doing well in the CRM Customer focus dimension as compared to the other dimensions with the mean score of 4.083 while it is of at the lowest performance level in the technology based CRM deployment aspects with a mean score 3.243.

4.3.1. Key Customer Focus

Key customer focus is all about developing a strong customer focus and continuously delivering superior value to selected key customers to achieve a deep customer relationship that enable an organization to become a necessary partner to its most profitable customers.

A descriptive statistical analysis was conducted on the seven items which were responded on a five item scale with the highest being strongly agree and the lowest- strongly disagree. The result of the statistics depict to what extent customers perceive AIB as a bank that focus on its key customers. The highest mean figure shows high level of agreement with the scale item while the lowest indicate high level of disagreement with the particular item being tested.

As can be seen from the table below, the output of the statistics reveal that the highest mean was recorded for AIB`s effort to leverage the power of word of mouth using referral marketing with the mean score 4.67 while provision of customized service to its customer has been found to be undeveloped in the AIB`s relationship building practices with the least mean score of 3.49.

Table 4.3.1 Key Customer Focus

N	Statement	Mea	SD	Strongly		Disagree		Neutral (3)		Agree (4)		Strongly		Total	
				F	%	F	%	F	%	F	%	F	%	F	%
1	The Bank provides customized services and products to its key	3.49	0.85	-	-	35	18.4	37	19.5	108	56.8	10	5.3	190	100.0
2	The Bank strives to constantly surprise and delight key	4.32	0.60	-	-	-	-	14	7.4	102	53.7	74	38.9	190	100.0
3	The Bank strengthens the emotional bonds with key customers by wishing	4.07	.85	5	2.6	2	1.1	27	14.2	97	51.1	59	31.1	190	100.0
4	The Bank uses the concept of 'Relationship Pricing' in pricing its	4.11	.90	-	-	19	10.0	11	5.8	90	47.4	70	36.8	190	100.0
5	The Bank do Cobranding/Affinity partnering programs i.e. programs that associate the Bank with	3.91	.96	-	-	25	13.2	21	11.1	90	47.4	54	28.4	190	100.0
6	The Bank leverage the power of word of mouth by using Referral	4.67	.72	3	1.6	1	0.5	7	3.7	34	17.9	145	76.3	190	100.0

7	The Bank does cross selling of products/ services to increase customer share. For example; instigate saving customers to use	4.01	.75	2	1.1	3	1.6	31	16.3	109	57.4	45	23.7	190	100.0
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Source: SPSS data analysis output, 2017

4.3.2 CRM organization

CRM organization dimension implies organizing around CRM which leads to considerations like the availability of sales and marketing experts, trained employees on customer relations, evaluation and rewarding of customer performance in customer relations and CRM oriented organizational structure (Sin *et al.*, 2004). According to Yim *et al.* (2004) this calls for an organizational structure that is flexible and, if necessary, reconstructed to generate customer centric value.

To assess the AIB's level of organization around CRM from customers perspective a five point Likert scale with eight items to represent the dimension were used. The table below shows the level of agreement depending on the size of the mean figure. The higher the mean figure recorded, the higher the level of agreement; and the lower the mean figure the higher the disagreement with the particular item being tested.

The output of the sample statistics reveal that having convenient branches with the highest mean score of 4.34 and The Bank system design mean score of 3.52 represent the two extremes in the data set.

Table 4.3.2 CRM Organization

No	Statement	Mean	SDV	Strongly Disagree (1)		Disagree (2)		Neutral (3)		Agree (4)		Strongly Agree(5)		Total	
				F	%	F	%	F	%	F	%	F	%	F	%
1	The Bank top management accepts and provides leadership	4.11	.72	-	-	11	5.8	13	6.8	125	65.8	41	21.6	190	100.0
2	The Bank commits time and resources in managing customer	3.84	.75	-	-	7	3.7	50	26.3	100	52.6	33	17.4	190	100.0
3	The Bank systems are designed to make it easy for customers to	3.52	1.24	21	11.1	23	12.1	19	10	91	47.9	36	18.9	190	100.0

4	The Bank provides increased customer convenience by	4.34	.59	-	-	4	2.1	-	-	113	59.5	73	38.4	190	100.0
5	The Bank delivers a reliable customer experience across all	3.91	.83	1	0.5	18	9.5	15	7.9	119	62.6	37	19.5	190	100.0
6	The Bank Customer-centric performance standards are	3.61	.81	-	-	7	3.7	92	48.4	58	30.5	33	17.4	190	100.0
7	The Bank CRM responsibilities of customer contact employees	3.91	.58	-	-	3	1.6	31	16.3	135	71.1	21	11.1	190	100.0
8	The Bank frontline employees are encouraged and empowered to positively exceed customer	4.08	.78	-	-	3	1.6	41	21.6	83	43.7	63	33.2	190	100.0

Source: SPSS data analysis output, 2017

Hence, the above mean scores can be interpreted that AIB's has a management leadership capability and increased customer convenience using different channel can be seen as having the strongest agreement with 4.11 and 4.34 mean score respectively While the Bank commitment to design its system to make it easy for customers is at marginal slack as compared to the other organizational dimension variable. Overall, organizational dimension aggregate mean score ranked second in the fourth dimension.

4.3.3 Knowledge Management

The assessment to evaluate to what extent AIB practice the knowledge management dimension of CRM is done using a five-point scale that measures the level of agreement or disagreement with the respective statements to be measured. The items that are included in this dimension represent practical aspects of knowledge management which is mainly manifested by uncovering customer needs through the analysis of customer information. This involves tactful customer information management that is used as a knowledge power to align the products and service of the firm to the dynamic needs of the customers.

Customer's perception of to what extent AIB has been deploying the knowledge management aspects of CRM is shown in the descriptive statistic output of table 4.2.2.11 where the mean and standard deviation results are used in a way that analyze the higher level of agreement to have high mean score while the low score representing high level of disagreement with the particular statement to be tested.

Table 4.3.3 Knowledge Management

No	Statement	Mean	SDV	Strongly Disagree (1)		Disagree (2)		Neutral (3)		Agree (4)		Strongly Agree(5)		Total	
				F	%	F	%	F	%	F	%	F	%	F	%
1	The Bank takes customer feedback seriously and replies to	3.83	.59	-	-	5	2.6	37	19.5	133	70.0	15	7.9	190	100.0
2	The Bank has effective customer recovery strategies including	3.53	.88	-	-	17	8.9	87	45.8	54	28.4	32	16.8	190	100.0
3	The Bank Customer feedback is taken using a variety of direct	3.62	1.00	3	1.6	21	11.1	64	33.7	59	31.1	43	22.6	190	100.0
4	The Bank shares to its employees the feedback given	4.15	.82	-	-	6	3.2	33	17.4	78	41.1	73	38.4	190	100.0
5	The Bank use information from customers to design or improve	3.92	.97	1	0.5	27	14.2	10	5.3	100	52.6	52	27.4	190	100.0
6	The Bank analyzes the causes of customer defection through	3.77	.73	-	-	2	1.1	71	37.4	85	44.7	32	16.8	190	100.0
7	The Bank has a well-developed privacy policy to ensure	4.13	.67	1	0.5	8	4.2	2	1.1	133	70.0	46	24.2	190	100.0
8	The Bank has a differential reward system that rewards	4.13	.67	1	0.5	8	4.2	2	1.1	133	70.0	46	24.2	190	100.0

Source: SPSS data analysis output, 2017

As observed from the table 4.3.3 the highest mean figure 4.15 is recorded for AIB to broadcast to the employee's feedback given by the customer while its practice in less effective in providing guarantee for service failure score with the least mean figure of 3.53. Thus, it is possible to say that customers perceive AIB as a bank that set differential reward system and sharing customer feedback among each employee .yet the practice of surveying lost customers with the aim to win back again, followed by the failure to provide service failure guarantee. On the other hand, the practice of broadcasting the customer feedback to the employee, taking customers feedback to be used as an input for service enhancements and serving customers by classifying them based on their contribution to the profitability of the bank are perceived to be practiced by AIB in a considerable manner.

4.3.4 Technology-Based CRM

Technology based CRM, as the name indicates, refers to the usage of the latest technology in CRM deployment as an enabler of greater customization and better service at lower cost (Sin *et*

al., 2005). Currently there are various applications that are specifically designed for CRM with the aim of identifying customers trend of buying behavior to enhance customer satisfaction while incrementing customer retention potentials at the same time.

In the sample statistics shown below, the aim is to solicit customers perception as to AIB`s deployment of technology based CRM practices in their dealings with the Bank. To do so, a five point Likert scale was used the highest being strongly disagree and the lowest representing strongly agrees. Accordingly, the four items were tested using the mean and standard deviation Descriptive statistics. The resultant mean scores were below the simple average of the scale i.e.3.11 for the degree of using techno having well organized information system and provision of automated services, respectively. Likewise, the overall mean figure shows the same fact with the score of 3.243 where AIB`s performance in this dimension is perceived to be very weak.

Table 4.3.4 Technology-Based CRM

No	Statement	Mean	S D V	Strongly Disagree (1)		Disagre e (2)		Neutral (3)		Agree (4)		Strongl y Agree5		Total	
				F	%	F	%	F	%	F	%	F	%	F	%
1	The Bank uses technology to automate marketing, sales, and service functions	3.29	.97	1	0.5	62	32.6	12	6.3	110	57.9	5	2.6	190	100.0
2	The Bank information systems are designed to give comprehensive data about all	3.11	.95	-	-	61	32.1	62	32.6	52	27.4	15	7.9	190	100.0
3	The Bank technology is easy to be used by the Customers	3.26	.98	3	1.6	64	33.7	3	1.6	120	63.2	-	-	190	100.0
4	The Bank Technology products have created convenience to the customers	3.31	.89	-	-	43	22.6	56	29.5	79	41.6	12	6.3	190	100.0

Source: SPSS data analysis output, 2017

Overall, it is evident from the scores that AIB`s extent of application of technology-based CRM is very low as measured by the resultant Descriptive statistics of the tested items in the Likert scale.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary of major Finding

This part of the study aims to summarize the findings and results that have emerged from the data analysis presented in chapter four.

5.1.1 Employee Profile

With regard to employee respondent profile, the male respondents constitute the largest share of the gender composition representing 86.21% of the respondents while 13.79% were female employees. With respect to age range 50% fall between 29-39, while the rest 50% of the respondents between 40-50 years of age. In terms of educational level 90% of the respondents were first degree holders while 10% of the respondents were also found to be second degree holders. An equal percentage of Branch managers and customer relationship supervisor were involved in the study (20%) while the Business development manager and Market analysis constitute 10% and 12.5% of the respondent respectively. Finally, the respondent distribution shows that nearly 25% of the respondents were highly experienced in the banking sector being in the industry between 4-10 years. Accordingly, the employees with job experience of less than 15 years but greater than 11 years takes similarly 25% while those who are less experienced in the business arena constitute 45.5% of the respondent's which also takes the lion share of the respondents profile.

5.1.2 Customer Profile

With respect to customer profile the gender composition of the respondents is dominated by male respondents, which constituted 60.52% of the respondents while the rest is attributed to female respondents.

Regarding age distribution 63.15% of respondent fall in the age range between 30-39, while 18.42 % of the respondent represent the age group of 20-29, the rest took respondent share covered with (40-49)7.81% & (50 & above)10.52% respectively

Concerning the purpose for which the customers use the services rendered by AIB, majority of

the respondents were found to be using the services for both personal consumption and business purposes. This shows that the respondent profile is pervasive enough to explore AIB's level of CRM practices as customer's perception represent assessments made from both angles. Moreover, customers that use AIB's services for personal consumption constituting 27.89% and those that use it for business purposes representing 8.94% of the respondents were also included in the study.

As to the services that are used in AIB, saving account users take the lion share followed by current account users comprising 83.73% and 66.69% of the respondents, respectively. Of the cheque account users 33.49% of them uses the credit service of the bank as well. Thus, it is of a significant contribution to the output of the study since credit service customers are found to be the major contributors for the Bank's profitability. Other service users constitute 33.49%, 50.23% and 0.48% of the respondents profile for Automatic Teller Machine, Money transfer customers, forex exchange respectively.

For the inquiry regarding the length of relationship with the Bank either for personal consumption or business purpose, most of the respondents were found to be using AIB's services for years that range from 4-10 but those with the least number of years relationship with the Bank represent only 12.63 % of the respondents. Hence, this is believed to prove the outcome of the study in revealing the perception of those customers that are in a position to compare and contrast AIB's service endeavors since they have experience in AIB both before and after the adoption of the CRM practices.

5.2 CRM Practice in terms of customer & Employee Perception

When considering key customer focus performance of the bank as perceived by the customer it took the highest mean score as compared to the rest behavioral dimension. Similarly the employee perception were also found to be given high preference value than the rest CRM dimension

According to CRM Organizational dimension the perception of customers towards this perspective is found to be at the second stage as compared to the other dimensional variables. On the contrary employee perception of CRM organization dimension took far below the knowledge management practice. However, the mean score for the two group reveal that no significant difference.

With respect to knowledge management dimension performance of the customer preference, it took a position far below key customer focus and organizational dimension, while the Bank employee perceive it to take the second to key customer focus in terms of its performance .The mean score value of the two group reveal also that employee value to Knowledge management is higher than customer mean score value.

Employee and customer perception of AIB level of Technology based CRM application is found to be significantly low within their respective group with mean score value of 3.207 and 3.243 respectively.

Finally the four behavioral dimensions were used to assess the extent to which CRM practice in AIB on cumulative mean score is calculated for each group of respondents result in 4.062 and 3.779 for employee and customer respondent respectively.

Therefore, it is evident that customer perception as to AIB's level of CRM practice is less favorable than that of its employee and when we compare the statistics result of each dimension for the two groups the same holds true when the average score of each dimension for customer respondents is less that of the employee.

5.3 CONCLUSION

Based on the findings presented in the previous chapter, this chapter provides the conclusions reached as to AIB`s extent of CRM application and forward prospective measures that are aimed at moderating the prevailing problem and further promote CRM practices of the Bank.

According to literatures, CRM involves cross-functional integration i.e. the integration of marketing, sales, customer service, IT and supply –chain functions of the organization to achieve greater efficiencies and effectiveness in delivering customer value. To do so, organizing around CRM, focusing on key customers, utilizing customer data to build knowledge about them and enhancing technological capability as an enable is essential and imperative.

Based on this premises, the CRM practices of AIB has been assessed from four behavioral dimensions where both employees and customers of the selected sample grade I-IV branches are included.

Based on the findings the following conclusions are drawn;

- In the CRM practices of AIB the technology-based CRM performance as observed from the level of automation in the service and other functions is low.
- In the Key customer focus dimension, though the mean score value ranked 1st among other dimension, its practice in terms of providing customized service and cross-selling products/services is very low.
- Regarding the knowledge management dimension, AIB`s performance as to undertaking lost customer survey and provision of service failure guarantee is low while the performance regarding well developed privacy policy that keep customer data confidentiality is significant. This achievement score lead the level of performance in this particular dimension.
- Concerning the aspects of organizing around CRM, AIB`s performance is significant in providing increased customer convenience using its branches and making its system easy for customers commitment to. In this dimension, deliver a reliable customer experience

across all contact performance suffers the lowest performance achievement as compared to other within the dimension.

- Overall, AIB`s performance in the extent to which it is applied the four dimensions of the CRM is nearly at the average level as observed by its customers. However, it is perceived to be slightly above the average level by its employees.
- Hence, the researcher concludes that AIB`s level of CRM application is at the average level; the extent of application of the key customer focus dimension being the highest in achievement while the technology-based CRM practices are highly inadequate.

5.4. Recommendations

Based on the conclusion of the study, the following measures are recommended for AIB in order to exploit the benefits sought in adopting CRM.

- Though the mean score achievement by the customer's and employee perception of AIB's overall application of CRM in terms of key customer focus dimension found to be similar, and tops other CRM dimension, AIB's level of service in terms providing customized service, constantly surprising and delighting key customers, strengthening the emotional bond, the effort of co-branding / affinity partnering program, leveraging the power of words of mouth, and finally the concept of cross selling and relationship pricing are all perceived to be low from employee point of view. This implies that, so far, AIB's services have not been well promoted by the employees at hand. Thus, AIB has to enhance its marketing effort regarding all the issue in the key customer focus dimension.
- Concerning the CRM organization dimension, it ranked to be 2nd from the customer point of view, while perceived to be 3rd from the employee point of view. However, the mean score value for most of variable statement by the customer found to be low as compared to employee perception score, this implies that AIB's Organizational dimension is looks to be unreliable and not smooth to do business with the Bank. Therefore, AIB has to enhance its leadership commitment, system design, time and resource commitment etc via using flexible and compliant working procedures that can accommodate the ever-changing needs of customers. Furthermore, developing organizational capability in technological as well as administrative aspects is alleged to result in the provision of reliable services the Bank claims to be its distinctiveness.
- As to the Knowledge Management aspects, AIB has to establish a service failure guarantee mechanism by installing proper compliance handling mechanism and insure recovery from failure in service at desired service quality.

- In the technology-based CRM practices, AIB`s performance is at the lowest level. This calls for the adoption and integration of CRM-based technology in the Bank as an enabler of CRM in general and its dimensions in particular.
- Concurrently, to sustain its CRM practices AIB has to give its management and front line employees with the essential theoretical and practical knowledge of customer relationship management aspects through experience sharing and training sessions organized in collaboration with other local commercial Banks that implement the CRM that are operating in a similar competitive environment.

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Appendices-1

St Mary's University
School of Graduate studies
Masters of Business Administration Program
Customer Relationship Management Survey
Questionnaires to be filled by customers of AIB

Dear respondents;

I am currently pursuing my Masters of Business Administration (MBA) at the St Mary's University. As partial fulfillment towards the completion of my postgraduate degree, this research titled as "Assessment of Customer Relationship management (CRM) practice: A case of awash international Bank" is undertaken. Hence, I kindly request you to fill in this questionnaire while assuring you 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,

Part One: General Information

Direction: please select the following information by encircling the appropriate number

1. Please indicate your gender?

1. Male

2.Female

	surprise and delight key customers.	1	2	3	4	5
1.3	The Bank strengthens the emotional bonds with key customers by wishing them on important occasions.	1	2	3	4	5
1.4	The Bank uses the concept of 'Relationship Pricing' in pricing its different products/ services.	1	2	3	4	5
1.5	The Bank do Co-branding/Affinity partnering programs i.e. programs that associate the Bank with reputable organs to provide increased value to customers	1	2	3	4	5
1.6	The Bank leverage the power of word of mouth by using Referral Marketing programs i.e. marketing programs that make use of satisfied customers to promote the Bank for related others. /	1	2	3	4	5
1.7	The Bank does cross selling of products/ services to increase customer share. For example; instigate saving customers to use the credit products of the bank and the like.	1	2	3	4	5
2	CRM organization					
2.1	The Bank top management accepts and provides leadership for building and maintaining customer relationships as a major goal of the bank.	1	2	3	4	5
2.2	The Bank commits time and resources in managing customer relationships.	1	2	3	4	5
2.3	The Bank systems are designed to make it easy for customers to do business with it.	1	2	3	4	5
2.4	The Bank provides increased customer convenience by expanding its distribution channels/branches.	1	2	3	4	5
2.5	The Bank delivers a reliable customer experience across all customer contact points.	1	2	3	4	5

2.6	The Bank Customer-centric performance standards are established and monitored at all customer contact points.	1	2	3	4	5
2.7	The Bank CRM responsibilities of customer contact employees are clearly defined, assigned and understood.	1	2	3	4	5
2.8	The Bank frontline employees are encouraged and empowered to positively exceed customer expectations.	1	2	3	4	5
3	Knowledge Management					
3.1	The Bank takes customer feedback seriously and replies to it.	1	2	3	4	5
3.2	The Bank has effective customer recovery strategies including guarantees for service failures.	1	2	3	4	5
3.3	The Bank Customer feedback is taken using a variety of direct and indirect measures.	1	2	3	4	5
3.4	The Bank shares to its employees the feedback given by the customers.	1	2	3	4	5
3.5	The Bank use information from customers to design or improve its products or services.	1	2	3	4	5
3.6	The Bank analyzes the causes of customer defection through exit interviews and lost customer surveys with the aim to win back customers who have strong profit potential.	1	2	3	4	5
3.7	The Bank has a well-developed privacy policy to ensure confidentiality of data collected from customers.	1	2	3	4	5
3.8	The Bank has a differential reward system that rewards customers based upon their profit/ revenue contribution.	1	2	3	4	5
4	Technology-based CRM					
4.1	The Bank uses technology to automate marketing, sales, and	1	2	3	4	5

	service functions.					
4.2	The Bank information systems are designed to give comprehensive data about all aspects of its customers, so that it can also able to be responsive.	1	2	3	4	5
4.3	The Bank technology are easy to be used by the Customer	1	2	3	4	5
4.4	The Bank Technology products have created convenience to the customers.	1	2	3	4	5

Appendices-2

St Mary's University
School of Graduate studies
Masters of Business Administration Program
Customer Relationship Management Survey
Questionnaires to be filled by Employees of AIB

Dear respondents;

I am currently pursuing my Masters of Business Administration (MBA) at the St Mary's University. As partial fulfillment towards the completion of my postgraduate degree, this research titled as "Assessment of Customer Relationship management (CRM) practice: A case of awash international Bank" is undertaken. Hence, I kindly request you to fill in this questionnaire while assuring you 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,

Part A. General Information

Direction: please select the following information by encircling the appropriate number.

1. Please indicate your gender.

1.5	Our Bank do Co-branding/Affinity partnering programs i.e. programs that associate the Bank with reputable organs to provide increased value to customers	1	2	3	4	5
1.6	Our Bank leverage the power of word of mouth by using Referral Marketing programs i.e. marketing programs that make use of satisfied customers to promote the Bank for related others.	1	2	3	4	5
1.7	Our Bank does cross selling of products/ services to increase customer share. For example; instigate saving customers to use the credit products of the bank and the like.	1	2	3	4	5
2	CRM organization					
2.1	Our Bank top management accepts and provides leadership for building and maintaining customer relationships as a major goal of the bank.	1	2	3	4	5
2.2	Our Bank commits time and resources in managing customer relationships.	1	2	3	4	5
2.3	Our Bank systems are designed to make it easy for customers to do business with it.	1	2	3	4	5
2.4	Our Bank provides increased customer convenience by expanding its distribution channels/branches.	1	2	3	4	5
2.5	Our Bank delivers a reliable customer experience across all customer contact points.	1	2	3	4	5
2.6	Our Bank Customer-centric performance standards are established and monitored at all customer contact points.	1	2	3	4	5
2.7	The Bank CRM responsibilities of customer contact employees are clearly defined, assigned and understood.	1	2	3	4	5
2.8	Our Bank frontline employees are encouraged and empowered to positively exceed customer expectations.	1	2	3	4	5
3	Knowledge Management					
3.1	Our Bank takes customer feedback					

	seriously and replies to it.	1	2	3	4	5
3.2	Our Bank has effective customer recovery strategies including guarantees for service failures.	1	2	3	4	5
3.3	Our Bank Customer feedback is taken using a variety of direct and indirect measures.	1	2	3	4	5
3.4	Our Bank shares to its employees the feedback given by the customers.	1	2	3	4	5
3.5	Our Bank use information from customers to design or improve its products or services.	1	2	3	4	5
3.6	Our Bank analyzes the causes of customer defection through exit interviews and lost customer surveys with the aim to win back customers who have strong profit potential.	1	2	3	4	5
3.7	Our Bank has a well-developed privacy policy to ensure confidentiality of data collected from customers.	1	2	3	4	5
3.8	Our Bank has a differential reward system that rewards customers based upon their profit/ revenue contribution.	1	2	3	4	5
4	Technology-based CRM					
4.1	Our Bank uses technology to automate marketing, sales, and service functions.	1	2	3	4	5
4.2	Our Bank information systems are designed to give comprehensive data about all aspects of its customers, so that it can also able to be responsive.	1	2	3	4	5
4.3	Our Bank technology is easy to be used by the Customers.	1	2	3	4	5
4.4	Our Bank Technology products have created convenience to the customers.	1	2	3	4	5

