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COLLEGE OF BUSINESS AND ECONOMICS

**THE EFFECT OF PRE-SHIPMENT EXPORT CREDIT
DELIVERY SYSTEM ON CUSTOMER RETENTION: A
CASE OF COMMERCIAL BANK OF ETHIOPIA**

By Solomon Yeshitila

May 2019
Addis Ababa, Ethiopia

THE EFFECT OF PRE-SHIPMENT EXPORT CREDIT
DELIVERY SYSTEM ON CUSTOMER RETENTION: A
CASE OF COMMERCIAL BANK OF ETHIOPIA

THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY
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The effect of pre-shipment export credit delivery system on
customer retention: a case of commercial bank of Ethiopia

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Declaration

I, the under signee declare that this thesis is my original work, prepared under the guidance of Yohannis Workaferahu (PhD). All source of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been summited either in part or in full to any other higher learning institution for the purpose of earning any degree.

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Endorsement

This thesis “The effect of pre-shipment export credit delivery system on customer retention: a case of commercial bank of Ethiopia” has been submitted to Addis Ababa University College of Business and Economics, MBA Program for examination with my approval as a university Advisor.

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ACRONYMS AND ABBREVIATIONS

CBE:	The commercial bank of Ethiopia
CRM:	Customer Relationship Managers (credit)
B&CRM:	Business and Corporate Customer Relationship Mangement
CCRM:	Commercial Customer Relationship Management
ECX:	Ethiopian Commodity Exchange
ECX-Export Items:	Commodities exchange through ECX mediation (Coffee, Sesame, Haircot, Beans, Maize, and Wheat)
Non-ECX Export Items:	All export Items other than ECX-Export Items

ABSTRACT

The aim of this thesis is to assess the effect of pre-shipment export credit delivery system on customer retention for case of commercial bank of Ethiopia. This descriptive study adopting a quantitative research techniques answers four basic research questions. The general objective of this paper has been identified the effect of internal procedure of pre-shipment export credit on customer retention this internal credit delivery system categorized to customer classification, credit processing and loan follow up. As data collection instrument, questionnaire was adopted after securing written approval and in consultation with the advisor. The reliability of the tool applied was tested and obtained a Cronbach alpha value. The questionnaire was administered to who have pre-shipment loan taken from the CBE and Customer relationship managers of CBE. The paper reveals that the result obtained for the effect of pre-shipment export credit delivery system on customer retention was above the mean score and in the result of this study as per the bankers' perception loan follow-up and customer classification dimensions are identified as significantly influencing customer retention. On the other hand, based on the customers' perception loan follow-up and credit processing dimensions are identified as significantly influencing customer retention. To conclude that by improving the customers' perception towards the loan follow-up and credit processing dimensions by focusing on the areas on which relatively poor perception was observed the two credit sub-process can improve customer retention which in turn has a significant effect on attracting new customers.

Key words: *Customer retention, Pre-shipment credit, Customer classification, Credit processing & Loan follow up.*

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Chapter 1

1. INTRODUCTION

1.1 Background

Export finance is a short-term working capital finance allowed to an exporter (Kumar, 2013). It plays a crucial role in enabling exporters in accepting and efficiently executing their export orders. Export credit is required for short periods both before and after the dispatch/shipment of an order. Pre-shipment export finance is fund available for goods before export(CBE procedure,2018)The pre-shipment export finance is required as working capital for accomplishing timely production, packing and shipment of the orders and the post-shipment finance facilities in sustaining exporters' business operations while still waiting to receive payment due from foreign buyers (Shashaanka, Rajesh, & Singh, 2002).

Whereas, export trade involves many risks. Some of the risks are situations in which the buyer does not pay, buyer's financial insolvency where the buyer cannot pay, refusal of receipt of exported goods, and/or unfair termination of the contract, foreign exchange risk and country risks. As a result, the associated risks with export trading make export financing to differ from the financing of production oriented to the domestic market. However, commercial banking institutions have been important sources of export credit in many countries. (Kumar, 2013). For example, for exporters, export credit plays an important role in risk management and obtaining contracts. Kumar, (2013) stated that export finance has the potential to augment the international competitiveness of a country by leading to geographical diversification of exports and developing new markets. Therefore, it is important for a country to develop and maintain an efficient system of providing export credit lest it should become a bottleneck in winning an export contract. In a way, it adds to international competitive strength of exporters of a country (Shashanka et al.).

Exports are instrumental in the development of any economy, particularly for developing nations (Gupta & Keshari, 2013). Richards and Ross (2009) stated that only few exporters are in position of selling something that customers will routinely pay in advance to receive, thus creating a gap in cash flow. Furthermore, the very process of exporting takes time and an overseas customer may want longer payment terms than are customary for domestic trade. Therefore, the availability of 'special finance' both at pre and post shipment is the major contributor for the promotion of export trade (Gupta & Keshari, 2013).

Gopalkrishnan et al (2011) conducted the study on the impact of service quality and customer satisfaction on customer retention in the Indian banking industry and the empirical finding of the study showed service quality and customer satisfaction positively related to customer retention, while customer satisfaction was a strong predictor of customer retention than service quality. The researchers did not show the delivery system of one product or entire product of the bank affected the customer retention.

Also Sanuri Audu and Mohd (2011) was studied the relation between service quality and satisfaction on customer loyalty in Malaysian mobile communication industry and the finding showed that tangibility, assurance and empathy identified dimensions having significant positive influence on customer loyalty. Similarly, Liange et al (2010) were studied the impact of service quality on customer loyalty particularly on banks in Malaysia and the finding revealed that reliability, empathy and assurance dimensions has a significant positive relationship with customer loyalty while tangibles and responsiveness has no significant relation with customer loyalty again the researchers did not show the delivery system of the organizations' product affect customers retention.

Commercial Bank of Ethiopia being the leading government owned commercial bank in the banking industry of Ethiopia. It offers financial resources to promote exports by providing both pre-shipment export and revolving export credits (CBE, 2018). The bank provides the export finance at rate of 7.5% which is lower than its regular lending rate 11.5% due to the

bank to attract new customers and to retain the existing customers with increasing the foreign currency earning of the country.

CBE avails pre-shipment credit facility on a clean basis and with interest rate lesser than its regular lending rate. Table 1.1 below presents the number of pre-shipment credit customers and the related foreign currency generated during the past nine years.

Table 1.1. The number of pre-shipment export financing during the last nine years

Year	Number of pre-shipment Loan Customers	Foreign Currency Generated (in Million USD)	Change on No. of Customers (%)	Change on Foreign Currency Generated (%)
2009	25	367.9	-	-
2010	36	657	44	78.58
2011	154	1041	327.78	58.45
2012	157	1274	1.95	22.38
2013	167	1071	6.37	-15.93
2014	177	1081	5.98	0.93
2015	184	1190	3.95	10.08
2016	190	1213	3.26	1.93
2017	200	1398	5.26	15.25

Source: Credit portfolio Management-2017

Contrary to the efforts made to attract new customers using liberal credit facility package, the foreign currency generation trend of the facility is deteriorating. In addition to this except the exceptional increment (327.78%) observed on the year 2011, the number of pre-shipment loan customers has also shown a very small increment in the followed six years. This indicated efforts shall target on retaining existing customers by examining the pre-shipment export credit delivery system to use in terms of its contribution to retain their existing customers.

This study revealed the effects of pre-shipment export credit delivery system on customer's retention in credit sub process of the commercial bank of Ethiopia

1.2 Statement of the problem

In order to cope with the competition and survive in the market furthermore to increase bank's performance, customers should be a center of all services and products. Ziethaml (2000) agreed on this principle by his saying that customers become a center for all banking activities due to increased competition for greater market share.

Whereas, Amanuel Berhane (2018) was studied in Ethiopia the effect of service quality on customer satisfaction the case of Wegagen bank s.c. The results showed that most of the customers who use Wegagen bank services are satisfied or found its services averaged and the responsiveness and assurance dimensions of service quality found to be the significant contributors of customer satisfaction but he did not see the entire delivery system of the banks procedure particularly in credit area in order to retain the customers' of credit.

This study by the researcher identified that the absence of empirical studies in Ethiopia regarding delivery system of particular product of the bank to affect customers' retention of the company to full fill this gap then what motivated the researcher to put his own contribution on what reveals the effect of credit delivery system on customer retention focusing on pre-shipment credit facility in corporate and business and commercial credit sub processes of the commercial bank of Ethiopia. It also seeks to identify the specific areas which require management attention so as to improve the credit delivery and customers' retention in the two credit sub processes.

1.3 Objective of the Study

1.3.1 General Objective of the study

The main objective of this research is to assess the effects of export credit delivery system on customer retention focusing on the pre-shipment credit facility of the commercial bank of Ethiopia.

1.3.2 Specific Objective of the Study

1. To identify the relationship between the pre-shipment credit delivery system and customer retention as per the bankers' and customers' perception.
2. To examine the effects of demographic characteristics and bankers experience on credit delivery and customer retention as per the bankers' and customers' perception.

1.4 Scope of the Study

The scope of this study is delimited to assess the effects of export credit delivery system on customer retention specific to pre-shipment loan customers. This study incorporated loan customers other than pre-shipment loan. However, pre-shipment loan customers considered in this study may use other products of the bank.

Export credit delivery assessed using three dimensions extracted from the credit process procedure of CBE. These are customer classification, credit processing, and loan follow up since the researcher used internal procedure of the bank and this focused on this dimension only. Customer retention assessed based on Gremler and Brown (1996) recommended parameters of customer retention. That is focusing on repeat purchasing behavior and possessing a positive attitudinal disposition the opinion of customer relationship managers in the business and corporate and commercial credit sub process were used to reflect bankers' perception while pre-shipment loan customers' opinion used to represent the customer relationship managers and pre-shipment loan customers.

The potential findings and the conclusions which the researcher draw represents the practical situation on the sampled credit facility in the two credit sub-process during the study period.

1.5 Limitation of the Study

In spite of a study that seeks to determine the effects of credit delivery system on customer retention by examining both the perception of pre-shipment credit customers and bankers (customer relation managers) at business and corporate and commercial credit sub process of commercial bank of Ethiopia, this study has its limitations. There are several limitations associated with this study.

First, this study restricted to business and corporate and commercial credit sub-process at head office, as opposed to the entire districts all across the country. A larger and more representative sample may give broader representation to identify the effects of export credit delivery system on customer retention since cost constraints to study all across the country.

Second, regardless of the efforts place on this study, only the four dimensions of the credit delivery system will use to see their effect on customer retention. Incorporating other variables like credit appraisal, credit risk management, managerial competency, compliance handling system, communication, etc may give a more comprehensive picture Since due to time constraint I did not included in this research.

Third, no comparison will make between the two credit sub processes under any circumstance.

In general, taking in to consideration the various limiting factors for this study, the findings of this study may or may not be replicable. Therefore, other studies of this nature may have a varying result.

1.6 Significance of the Study

The finding of this study may assist credit process in general and commercial credit, business and corporate credit sub-process in particular by providing them an input information to plan and execute a strategy that will maximize the pre-shipment loan customer's retention.

In addition to adding up the store of knowledge to export credit financing in banking industry in general, it may also service as valuable source of information for those who want to conduct further studies in the same area.

1.7 Organization of the Paper

Chapter one presents the background, statement of the problem, general and specific objectives, research hypothesis, scope and limitations and significance of the study. Chapter two presents with the review of literature on export financing and customer retention. Chapter three deals with the methodology and data used to test hypothesis. Chapter four presents the result and discussion. Finally, chapter five provides conclusions and recommendations.

Chapter 2

2. LITRATURE REVIEW

2. Theoretical Literature Review

2.1 Customer classification

The main idea behind customer segmentation is to break your customer base into unique groups that share specific characteristics. Those characteristics can be based on demographics, for example age or gender. Segmentation allows companies to identify relevant but for example underserved groups or to target specific groups in a relevant way (Schmidt-Eisenlohr, 2013).

In general, segmentation can be achieved in different ways. An easy way is the usage of basic demographic splits, if you want to group your customers by a single demographic variable. More complex segmentation methods include more variables into the clustering process.

It's good to think about relevant criteria for the segments, so that you can get a meaning out of the data. Besides the final design of the segmentation the first step is to think about which data (which data sources) needs to be analyzed and how the data will be gathered. Using Online Surveys is of course a good way to collect customer feedback, but also CRM data or Social Media data is relevant in more holistic approaches. (Klapper et al, 2012).

Because customer segmentation can be used for many purposes, for instance to adjust the pricing strategy or to improve a product based on the needs of a customer segment, it's necessary to include different data sources into the analysis. In Social CRM approaches it's important to understand your customers' needs in a differentiated way, because one size doesn't fits all. That's why customer segmentation is one good way to understand your customer a little bit better. (Schmidt-Eisenlohr, 2013).

Customer profiling aims to describe types (persona) of customers. These types then can be used as a tool to identify the best prospects based on certain attributes or to improve services. Normally, different information is combined in customer profiling, such as demographics, but also behavioral data or information on lifestyle. Customer profiling helps to understand customers and can be used to improve customer satisfaction. (Schmidt-Eisenlohr, 2013).

For customer segmentation and customer profiling bank need a good concept and the technical abilities. Finally, the integration of different data sources into a bigger concept which is Social CRM and the customer experience management helps companies to understand their customer.

2.2 Credit processing

Prospecting: Prospecting is identifying the right customer/borrower who is in need of a loan is the first phase of the loan process.

Pre-approval and documentation: Sales team will be assessing the applicant details, to check whether it is meeting the basic requirements and he/she is eligible for a loan. Documentation includes loan applications, KYC documents, income documents, employment documents, residential details and other supporting documents as per the lender's requirements.

Loan processing: In processing stage, the applicant details will be confirmed, the risk team will be checking the authenticity of documents submitted, residential, employment and reference verification will be completed. Credit report request to check credit history, internal and external verification will be completed before sending the file for credit appraisal.

Credit appraisal: Loan officer/credit officer will evaluate the applicant documents based on 5C's on credit and render a decision of approval or rejection with valid reason.

Disbursal: Once the loan is approved by credit officer, the operations teams prepares the final documents and this document goes through the verification process. Then the loan amount on agreed basis is disbursed to the customer.

Post disbursal evaluation: Auditing and post disbursal evaluation will be conducted through the centralized system to verify all the systems, process, documentation and other policy related aspects are covered under each stage of loan processing.

The root cause of customer retention in CBE is non-adherence to credit system, especially pre-shipment export loan. It is extremely important to follow stringent credit processing and credit appraisal system which assist in risk mitigation and reduction in customers leaving. 5 C's – capacity, capital, character, collateral and common sense will assist in determining the credit worthiness of a prospective borrower. (CBE procedure, 2018)

2.3 Loan Follow-up

The success or failure of any financial institution is closely tied to the quality of its loan portfolio and its loan monitoring system. The assessment of repayment capacity and the creditworthiness of an applicant provides the basis for good loan decisions and thus, portfolio quality. Good loans may turn bad however. In agricultural lending, there are particular risks as we have mentioned and thus careful monitoring to avoid default is crucial. A monitoring system provides the information needed to oversee loan portfolio quality at any given time, identifying potential problems at the earliest moment possible. (Healy, 1999).

There are some key requirements for an appropriate loan follow up system for pre-shipment loans:

a. Open communication between the lender and the borrower is essential for effective loan monitoring. Some borrowers do not like to tell the lender about problems they may face in

repaying the loan. The establishment of open communication can help ensure that problems are communicated as soon as they arise. If a clear policy on handling problem loans exists and is known to the borrower, powerful incentives may be given to borrowers to provide lenders with early warning signals when they have to go through difficult times.

b. Loan files must contain all the documents (loan application, loan assessment, collateral records, memos, loan agreement, etc.) which provide a loan officer and other interested parties with a complete historical and on-going record of the relationship between the lender and the borrower. These files are the backbone of a loan follow-up system. (Healy, 1999).

c. Computerisation should be introduced, if it is not already in place. Although in principle loan tracking can be done manually, this will be difficult beyond a certain number of borrowers with highly individual repayment schedules and loan terms. An obvious advantage of computerised loan monitoring systems is that reports can be generated automatically. As a speedy response to loan default is vital for maintaining a sound loan portfolio, automation can help to identify problem loans at a very early stage, allowing for immediate corrective action.

Accurate and up-to-date information forms the basis for comparing planned versus actual repayments. Appropriate management information systems (MIS) need to be in place in order to provide loan officers with the required information on their outstanding loan portfolio. If there is no fully integrated and computerised MIS in place, spreadsheets and manually prepared reports have to substitute for automated print-outs. (Gerpott, & Schindler, 2001).

Whether created manually or automatically, some essential reports are required daily by the loan officers now CBE missing automatically loan follow up system due to this CBE may not retain its customers.

2.4 Customer Retention

Good credit delivery system can maintain customer retention. Customer retention involves the steps taken by a selling organization in order to reduce customer defection. Successful customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of a relationship. Customer retention is important to most companies because the cost of acquiring a new customer is far greater than the cost of

maintaining a relationship with a current customer (Gerpott, Rams, & Schindler, 2001). Customer retention also refers to the maintenance of continuous trading relationships with customers for a substantial period. Nirmla (2009) stated that maintaining customers for a period of exceeding five years considered as a successful effort of customer retention. Furthermore, Gremler and Brown (1996), stated that a retained customer exhibit repeat purchasing behavior for a service provider, possess a positive attitudinal disposition toward the provider, and consider using only this provider when a need for service arises.

Several studies put emphasis on the significant of customer retention in the banking industry (Reichheld, 1990). The argument for customer retention is relatively straightforward. It is more economical to keep customers than to acquire new ones. The costs of acquiring customers to “replace” those who have been lost are high. This is because the expense of an acquiring customers is incurred only in the beginning stages of the commercial relationship (Reichheld, 1990).

Retaining customers increases the profit of a firm which facilitates further investment leading to expansion (Craig, 2010). Further, Reichheld & Sasser (1990) stated that it costs five times to gain a new customer than to retain an existing customer as the acquisition costs are lowered in the long run. This indicates customer retention has a direct relation with the profitability of a firm.

In addition, longer-term customers buy more and if satisfied may generate positive word-of-mouth promotion for the company. Additionally, long-term customers also take less of the company’s time and are less sensitive to price changes (Healy, 1999).

These findings highlight the opportunity for management to acquire referral business, as it is often of superior quality and inexpensive to obtain. Thus, it is believed that reducing customer defections by as little as five percent can double the profits (Healy, 1999).

Regardless of whatever strategies or tactics it uses to enhance profitability, a company must focus on maintaining its current customer base. According to Baxter Strategies Incorporated (2011), the benefits of high customer retention level are well documented and include the following:

- The cost of attracting a new customer is five to twelve times greater than the cost of keeping an existing customer.
- The ROI (return on investment) is up to 10 times higher for investment in customer retention than for the acquisition of new customers.
- Converting new customers to loyal ones takes more time, effort and expense than is required for current customers.
- Loyal customers generally have greater usage levels, are more open to cross selling and are less price sensitive.
- It requires many new customers to replace the revenue stream lost by one old customer. Even more are needed to replace the profits the old customer generated.
- A 5 % increase in customer retention typically results in a 75 % increase in aggregate lifetime profits.
- Loyal customers refers new customers while defecting ones typically tell 8 to 18 others the reasons for their defection.

2.5 Pre-shipment export financing

Access to working capital is one of the most important components of the export transaction, providing a means for companies to process and acquire goods and services to fill purchase orders and to ship and extend credit to their buyers. To cover their working capitals, exporters mainly use working capital loan programs, which are normally associated with pre-shipment financing (Schmidt-Eisenlohr, 2013). That means good pre-shipment loan can maintain customer.

Pre-shipment export facility is a loan extended for purchase of raw materials processing and converting them in to finished goods, warehousing, packing and transporting the goods until the time of shipment (CBE, 2018). This helps customer not to move other competitor.

According to the credit process procedure of CBE (2018), the pre-shipment credit facility is to be availed against the development bank guarantee (DBE Guarantee), or against sales contract/a bona-fide purchase order or without sales contract. Except the pre-shipment credit facility against DBE guarantee, which stated as to be guided by a specific NBE guide line the pre-shipment credit against sales contract or without sales contract are to be availed on a clean basis. That is an exporter may be required to pledge a collateral if he/it did not engage in any viable business for the last two years prior to the application or earn at least 300,000 USD or equivalent of other currencies during the last twelve months preceding the application date. However, it should also be noted that the credit process procedure of CBE states both general eligibility criteria for a loan/facility and additional criteria to be fulfilled depending on the facility is to be availed against sales contract or without sales contract.

2.6 Empirical Review

This part of the literature review is designed to present different researches and empirical studies that have investigated the link between delivery system or service quality and customer retention

Gopalkrishnan et al (2011) found that service quality and customer satisfaction positively related to customer retention, while customer satisfaction was a strong predictor of customer retention than service quality. The authors used 398 sample size from the Indian banking industry.

According to Benjamin Osayawe (2006) studied in Nigeria found that customer expectations, perceived service quality, and satisfaction accounted for 25% of the variance in service loyalty, where customer expectation not significant. Age significantly and positively related to customer loyalty, Gender and years of repatronage unrelated. Older were more loyal than younger customers. He used 247 sample size

Whereas, Sanuri Audu and Mohd (2011) studied that tangibility, assurance and empathy identified dimensions having significant positive influence on customer loyalty. Customer satisfaction also has a positive significant influence on customer loyalty. They used 247 sample size.

Liang et al (2010) founded that reliability, empathy and assurance dimensions has a significant positive relationship with customer loyalty while tangibles and responsiveness has no significant relation with customer loyalty.

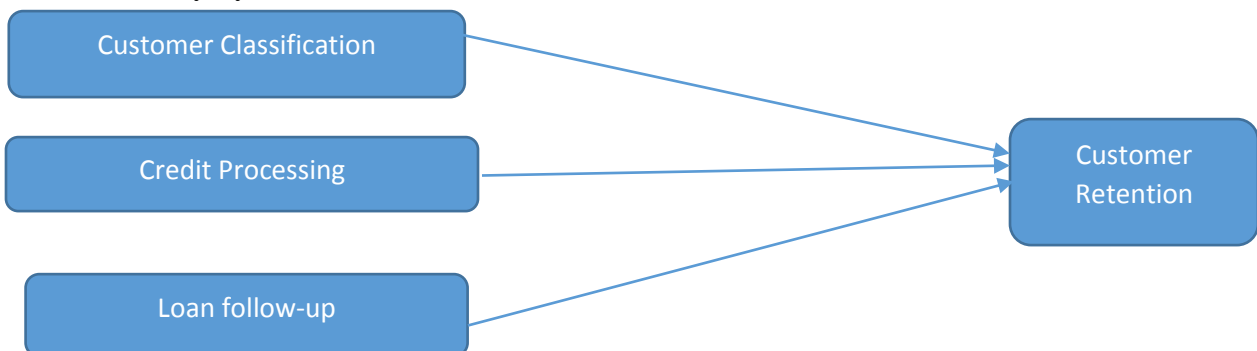
Whereas, Inamullah Khan (2011) argued that customer satisfaction and customer retention has a significant positive relationship with customer loyalty.

Amanuel (2018) found that the responsiveness and assurance dimensions of service quality found to be the significant contributors customer satisfaction. The determinant factors; responsiveness for customer's need and assurance of the bank had found to have a statistically positive effect on customer satisfaction.

2.7 Conceptual Framework of the study (Conceptual Model)

Based on the credit process procedure of commercial bank of Ethiopia (CBE, 2018) and the related literatures the following conceptual model developed for this study only but you may got other extra variables like age, experience, satisfaction, etc to affect customer retention however I focused only the procedure and policy of the CBE.

Credit Delivery System



Source: Partially adapted from (Joseph, 2011) and the credit process procedure of CBE (CBE, 2018).

2.8 Conceptual Variables Measurement

2.5.1 Independent Variables Measurement

Customer classification, credit processing and loan follow up are the three independent variables of this study. All are measured by Likert scale

From the bankers' angle the specific attributes on customers classification, credit processing and loan follow-up dimensions was designed to measure as follows:

Customers Classification:- Credit advisors provide appropriate guidance up on receiving the credit request, Existing customers reclassification performed during the physical year, Credit advisors classify each new customers, Customers classification review is performed at every 4th quarter of each year, Customers classification criteria in use gives a true picture of the credit customers, Data used for classification purpose is limited to credit exposure information, Customers are served according to their contribution to the banks' profitability.

Credit Processing:- Customers use electronic media to submit their credit request, Customers are interviewed upon lodgment of credit application, Customers are willing to provide all necessary information during the interview session, Information provided in the financial statement of loan applicants are crosschecked before loan approval, Financial statements of loan applicants are trust worthy, The management information service provides all necessary information upon request, The validity of information acquired on fresh loan application is cross-checked before advancing the loan, Credit analysts give appropriate consideration for information provided with due diligence report, The due diligence form in use helps to incorporate all relevant information, Credit analysis highly depended on financial information, Credit analysis performed after all relevant documents are gathered, All credit decisions are communicated to the customer via the respective customer relationship managers, CRMs are alert for any warning signals subsequent to approval of credit but before disbursement.

Loan follow-up:- CRMs make a regular business visits to their existing pre-shipment loan customers as necessary, Pre-shipment loan customers are keen to channel export proceeds through CBE, Follow-up methods in use are effective in tracking the use of loan advanced to ECX export items, Follow-up methods in use are effective in tracking the use of loan advanced

to Non-ECX export items, Customers avail interim financial information as requested, All pre-shipment loan advances are settled by export proceeds, Pre-shipment loan customers are cooperative for business visits subsequent to loan advancement

2.5.2 The Dependent Variables Measurement

The ultimate dependent variable in this study is customer retention. The attributes used to assess customer retention in this study were adapted from Gremler and Brown (1996), from the bankers' angle the questions were designed to assess the bankers' perception towards Our pre-shipment loan customers are willing to remain in business with us, The number of pre-shipment loan customers in this sub process is increasing, Pre-shipment loan customers rarely leave our services for our competitors, Our customers are normally served for long period exceeding 5 years, The pre-shipment credit customer defection rate is low in this sub process, Most of the customers have become part of us in business, Change in pre-shipment credit customers defection rate are investigated by management, Our customers retention are affected by service flexibility, We normally offer after sales service to our retained customers. On the customers side similar attributes were designed to assess customers' opinion towards their intention of repeat purchasing behavior, possession of positive attitudinal disposition and their intention to use the bank when a need for service arises so I run for each measurement in the model.

2.9 Reaserch Hypothesis

Based on the research objectives and questions of the study the following hypothesis are developed and tested in this study.

H1: Customer classification has significant positive effect on customer retention at business and corporate and commercial customer relationship management sub processes as per the bankers' perception.

H2: Credit processing has significant positive effect on customer retention at business and corporate and commercial customer relationship management sub processes as per the bankers' perception.

H3: Loan follow-up has significant positive effect on customer retention at business and corporate and commercial customer relationship management sub-processes as per the bankers' perception.

H4: Credit processing has significant positive effect on customer retention at business and corporate and commercial customer relationship management sub-processes as per the customers' perception.

H5: Customer classification has significant positive effect on customer retention at business and corporate and commercial customer relationship management sub-processes as per the customers' perception.

H6: Loan follow-up has significant positive effect on customer retention at business and corporate and commercial customer relationship management sub-processes as per the customers' perception.

H7: Bankers' perception of the credit delivery system (customer classification, credit processing and loan follow-up) and customer retention differs according to their demographic characteristics and business background.

H8: Customers' perception of the credit delivery system (customer classification, credit processing and loan follow-up) their intention of re-patronage differs according to their demographic characteristics.

Chapter 3

1. RESEARCH DESIGN AND METHODOLOGY

3.1 Research Strategy

The study used a cross sectional descriptive survey type of research design because this type of research is commonly conducted to collect detail of existing phenomena with the intent of employing data to justify current conditions and whenever possible to draw valid general conclusions from the facts discovered (Bordens & Abbott, 2011). As it fits to the purpose of the study, this research design was used to assess the effect of export credit delivery system on customer retention by asking customer relationship managers and pre-shipment credit customers about their perception on the actual credit delivery system in use.

3.2 Research Design

3.3.1 Population

The population about which analysis made is of two fold one the total customer relationship managers in business and corporate and commercial credit sub process of CBE head office and the pre-shipment loan customers in the two credit sub process.

3.3.2 Unit of analysis

The unit of analysis for this study is also two fold the customer relationship managers of business and corporate and commercial customer relationship management credit sub processes of CBE head office and the pre-shipment loan customers in the two credit sub process.

3.3 Data type and source

A quantitative data were gathered from both primary and secondary data sources. The primary data gathered from pre-shipment credit customers and customer relationship managers using a questionnaire. Keeping in view of the CBE'S credit policy and procedure an attempt was made to translate the objectives of this study in to specific questions based on relevant content, structure, and format.

3.4 Sampling Design and Procedure

CBE classifies its new and existing customers as business, corporate and commercial credit customers using the bank's credit customer classification criteria. This criterion uses the amount of income generated from the customer, total credit exposure of the customer, the customers' credit risk grade, and sales volume generated by the customer as a classification parameter (CBE, 2018).

The number of customer relationship managers in business and corporate customers and commercial credit sub processes is 20 and 35 respectively. Since the total number of CRMs in both credit sub-process is 55 a census method employed to gather the primary data. In addition, the total number of pre-shipment loan customers in business and corporate and commercial customer relationship credit sub process was 85 and 82 respectively. Based on Tabachinic and Fidell (cited by Bordens and Aboott, 2011) formula ($N = 50 + 8m$) to determine a minimum sample size required for multiple regression analysis, a sample size of 74 was determined. A stratified random sampling will be used to select samples from the two credit sub processes. Since the total number of pre-shipment credit customers in the two sub processes is proportional, an equal number of 37 samples selected from each credit sub process using a convenience method because almost equal number of customers are found in both subproces.

By using below Formula for calculating sample size (Tabachnick & Fidell, 2007), 37 respondents from each process customers, totally 74 respondents, were selected as a respondent.

$$N > 50 + 8m$$

N = number of Participants

m = number of Independents variables

$$N = 50 + 8(3)$$

$$= 74$$

3.5 Data Collection Procedures

The study employed questionnaire for the primary data collection. Hence, before distributing the questionnaire permission was obtained from relationship managers and the office address of each surveyed pre-shipment loan customers was obtained from them. The validity and reliability of the questionnaires tested by Cronbach's Alpha test and it showed 0.87. The survey questionnaire distributed for both the relationship managers and pre-shipment loan customers at their offices. The survey was administered during the two weeks period from 25th February to 10th of March 2019.

3.6 Design and Layout of Survey Instrument

The questionnaire design for this study contained three dimensions of the export credit delivery system (customer classification, credit processing, and loan follow up) and customer retention

Five point Likert scales were used ranging from strongly disagree to strongly agree was used to measure customer relationship managers' and pre-shipment loan customers perception on the credit delivery system in use and customer retention.

The Questionnaire prepared for pre-shipment loan customers were translated to Amharic in order to accommodate the non-English-speaking customers in the survey. A re-translation was employed on a peer group basis to ensure the appropriateness of the translation.

3.7 Data Analysis Technique and Interpretation

Once the usable response from the questionnaire were collected the data coded and recorded in to SPSS version 23.0. The data were analyzed using statistical techniques like multiple regressions and analysis of variance with post-hoc (Bonferoni) test. The multiple regression analysis was used to test the conceptual model: Analysis of variance was used to identify the likely perception difference based on demographic characteristics, pre-shipment loan handling experience of relationship managers and business background of the pre-shipment loan customers surveyed in this study. A post-hoc (Bonferoni) was used to identify the specific groups in relation the attributes on which significant difference exists. Interpretation of the data analysis results were done at 95% confidence level.

3.8 Model Specification for Multiple Regression Analysis

A multiple regression is a statistical technique that can be used to analyze the association between a single dependent variable and several independent variables (Anderson et al, 2008). Furthermore, other similar studies in the area of customer retention were also used multiple regression analysis method as illustrated in the literature review chapter two.

Multiple regressions were used in this study to examine the relationship between credit delivery and customer retention. The first six hypotheses (H1 to H6) of this study were tested using the multiple regression analysis results.

Multiple Regression Model

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots + \beta_n X_n + e \dots \dots \dots (1)$$

Where Y=the dependent variable

X=the independent variables

e= the random error term

$\beta_1, \beta_2, \beta_3, \dots, \beta_n$ = are unknown parameters that are to be estimated

a= the constant (the value of Y when the value of all independent variables is zero)

The relative predictive power of an independent variable on the dependent variable can be evaluated using the regression coefficients. According to Chu (2002), the beta coefficient of each independent variable in a regression model shows the relative importance of the variable in influencing the dependent variables as compared to other variables in the model.

According to Garson (2012), in the multiple regression model (the constant) represents the value of the dependent variable (Y) when the values of all independent variables are zero. He also stated that, R² (the multiple correlation), represents what percent of variance in the independent variable can be explained by the independent variables in the model. Dieleman 2001 cited in Borders and Abbott, 2011 added that R² value close to 1 show better model fit of the data.

Two separate multiple regression models were used to test the effects of CC (customer classification), CP (credit processing) and LF (loan follow-up) on customer retention both as per the perception of the bankers and the customers.

Chapter 4

DATA ANALYSIS

4.1 Introduction

This chapter presents the results of the data analysis according to the research methodology discussed in chapter three. The general background of the characteristics of the respondents and a detailed discussion regarding the four specific objectives of the study are also presented. Multiple regression analysis and analysis of variance and post-hoc (Bonferoni) test are used to provide a valid result. Results of multiple regressions, analysis of variance and bonferoni test are presented and hypotheses are tested. Finally, the results are discussed in terms of their relation to each of the relevant research objectives.

4.2 General Characteristics of Respondents

4.2.1 Sex of the respondents

Table 4.1. Sex of the respondents

	Bankers		Customers	
Sex	Frequency	Weight (%)	Frequency	Weight (%)
Male	46	83.6	71	95.9
Female	9	16.4	3	4.1
Total	55		74	

Survey 2019

Table 4.1 above depicts the respondents' sex in this study. It indicates that the majority of banker respondents are male. Similarly almost all of the customer side respondents were male. This indicates opinions used in this study are male dominated.

4.5.2 Age of the respondents

Table 4.2. Age of the respondents

Age Category	Bankers		Customers	
	Frequency	Weight (%)	Frequency	Weight (%)
30 year old or less	16	16.2	8	10.8
31 to 40 years old	31	67.6	48	64.9
41 to 50 years old	8	16.2	13	17.6
51 to 60 years old			5	6.8
More than 60 years old				
Total	55	100	74	100

Survey 2019

Table 4.2 above indicates, the majority of bankers and customers respondent were within the age range of 31 to 40 years old. In this study, bankers' within the age range of 51 – 60 and customers above the age of 60 were not represented. However, the data also indicate that the respondents from both sides are matured enough to sense the credit delivery provided by the two credit sub process and may provide a reasonable.

4.5.3 Level of education

Table 4.3. Level of education

Level of Education	Bankers'		Customers'	
	Frequency	Weight (%)	Frequency	Weight (%)
Grade 8 or less	-	-	12	16.2
Grade 12 or less	-	-	51	68.9
Certificate	-	-	3	4.1
Diploma	-	-	7	9.5
First Degree	23	41.8	1	1.4
Second Degree	32	58.2	-	-
PhD	-	-	-	-
Total	55	100	74	100

Survey 2019

Table 4.3 depicts that the highest weight, (58.2%) of banker respondents were second degree holders, while the majority of customers side respondents (68.9%) were grade 12 or below. Customer respondents who hold a first degree and those were grade 8 or below took a weight of (1.4%) and (16.2%) respectively indicating relatively proportional representation. Also

customers who hold a diploma are represented with a weight of (7.1%) and a relatively small portion of the respondents (2.4%) hold a second degree. This indicates the customer side respondents are less educated which may influence their understanding and opinion towards the services provided by the two credit sub processes.

4.5.4 Bankers' experience as CRM and customers' business experience

Table 4.4. Bankers' experience as CRM and customers' business experience

	Bankers' experience		Customers' experience	
	Frequency	Weight (%)	Frequency	Weight (%)
1 year or less	20	36.4	-	-
2 to 5 years	13	23.6	20	27.0
6 to 9 years	6	10.9	7	9.5
10 to 14 years	16	29.1	20	27.0
15 to 19 years			13	17.6
20 to 24 years			8	10.8
25 years and above			6	8.1
Total	55	100	74	100

Survey 2019

Table 4.4 shows that all banker respondents have an experience ranging between 1 to 14 years working as a customer relation manager indicating the banker side respondents may have an adequate knowledge and experience to provide a reasonable response. Table 4.4 also depicts that majority (27.0%) of the customers has a general business experience of 10 to 14 years. The proportion of customers with 2 to 5 years of total business experience possess a same place with a weight of (27.0%) followed by customers who have 15 to 19 years of business experience with a weight of (17.6%). Customers who have a business experience of 6 to 9 years, 20 to 24 years and 25 or more years were proportionately represented with a weight of 9.5%, 10.8% and 8.1% respectively

4.5.5 Customers' involvement in business other than exporting

Table 4.5. Customers' involvement in business other than exporting

	Not involved in other business	Involved in other business					Total
		Importing	Manufacturing	Construction	Import and Construction	Other	
Frequency	1	27	8	16	3	19	74
Weight (%)	1.4	36.5	10.8	21.6	4.1	25.7	100

Survey 2019

Table 4.5 above shows that almost all (98.6%) of the customers side respondents are also engaged in other business sectors. The majority (36.5%) was engaged in importation, followed by those engaged in other sector (25.7%). Additionally, 4.1 % of the respondents are engaged in both import and construction. Relatively small proportions (10.8%) of the respondents are engaged in manufacturing and the remaining 21.6% of the respondents are engaged in construction.

4.5.6 Exporters experience in exporting

Table 4.6. Exporters experience in exporting

	Experience in exporting Business	
	Frequency	Weight (%)
1 year or less	9	12.2
2 to 5 years	16	21.6
6 to 9 years	21	28.4
10 to 14 years	28	37.8
15 to 19 years	-	-
20 to 24 years	-	-
25 or more years	-	-
Total	74	100

Survey 2019

Table 4.6 depicts that the majority (37.8%) of customer side respondents has an exporting business experience of 10 to 14 years. Exporters who have an experience of 6 to 9 years weight (28.4%) and those who have an exporting experience of 1 year or less weight (12.2%) and 15 or more years have not running an exporting business. Also a cross tabulation of total experience in business to experience in exporting business (see appendix 9 table 5) shows that the majority of business who has been engaged in other activity has shifted/expanded their business to exporting in the last 2 to 15 years.

4.5.7 Method of pre-shipment credit

Table 4.7. Method of pre-shipment credit

	Frequency	Weight (%)
Against Sales Contract	74	100
Without Sales Contract		
Both		
Total	74	100

Survey 2019

Table 4.9 shows that 100% of the respondents use pre-shipment credit facility against sales contract. This indicates the opinions of customers who use pre-shipment credit without sales contract or both with and without sales contract is not represented in this study.

4.5.8 Relationship managers experience in the credit sub-processes

Table 4.8. Relationship managers experience in the credit sub-processes

Experience in the credit sub-process	Frequency	Weight (%)
Business and corporate CRM	11	20.0
Commercial CRM	35	63.6
Both	9	16.4
Total	55	100

Survey 2019

Table 4.10 above depicts that the majority of banker respondents (63.6%) has an experience of working in the commercial customer relationship management credit sub process. While 20.0% of the respondents worked in the business and corporate customer relationship management sub process. 16.4% of the respondents have an experience of working both in the two credit sub process. This implies that the opinion of bankers from the commercial customer's relationship management sub process dominates the data set. However, the existence of bankers' opinion who has worked in both sub process may balance the difference and the data set gives a true picture of the two-credit sub process.

4.5.9 Relationship managers experience in handling a pre-shipment loan case

Table 4.9. Relationship managers experience in handling a pre-shipment loan case

	Frequency	Weight (%)
Currently handling it	41	74.5
In the last one year	8	14.5
In the last two years	2	3.6
In the last three years	4	7.3
Total	55	100

Survey 2019

Table 4.11 depicts the relationship managers' latest experience in handling a pre-shipment loan case. The majority (74.5%) of the banker respondents are currently handling a pre-shipment loan case. 14.5% of the respondents have handled a pre-shipment loan case in the last one year. This may imply that the bankers opinion incorporated in study are fresh and represents the current situation in the two credit sub processes.

4.5.10 Number of pre-shipment cases handled

Table 4.10. Number of pre-shipment cases handled

	Frequency	Weight (%)
Less than 5 cases	28	50.9
6 to 10 cases	15	27.3
11 to 15 cases	1	1.8
16 to 20 cases	6	10.9
More than 20 cases	5	9.1
Total	55	100

Survey 2019

Table 4.12 presents the average number of pre-shipment loan cases handled by the relationship managers so far. As it is depicted by the table 50.9% of the bankers have an experience of handling 5 or less cases while the remaining 27.3% have an experience of handling 6 to 10 cases. This implies that the bankers opinion incorporated this study is a reflection of their in depth understanding.

4.3 Multiple Regression Analysis

A multiple regression is a statistical technique that can be used to analyze the association between a single dependent variable and several independent variables (Anderson et al, 2008). Multiple regression analysis was employed in this study to examine the association between customer classification, credit processing, loan follow-up, and customer retention.

Tabachnic and Fidell, (2001 cited by Bordens and Abbott, 2011) pointed out a must check on the assumptions of regression analysis, these include the existence of outliers, normality, Multicolliniarity and linearity.

4.3.1 Outliers

According to Bordens and Abbott (2011), outliers are extreme scores on a data set. They change the slope of the regression and also affect both the magnitude and the sign of the calculated correlation.

Each of the two models of this study was examined for the presence of outliers. Based on the Garson (2012), recommendation outliers identified if their standardized residual value greater than 3.3. The standardized residual values in the two regression models of this study were less than 3.3. Indicating the below table no outlier exists in the data set.

Table 4.3.1 Residuals statistics of bankers and customers

Residuals Statistics bankers^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	3.2523	3.7524	3.7778	.26595	55
Residual	-1.14950	.68033	.00000	.42944	55
Std. Predicted Value	-1.976	3.665	.000	1.000	55
Std. Residual	-2.601	1.540	.000	.972	55

a. Dependent Variable: Customer Retention

Residuals Statistics customers^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	3.1855	3.4193	3.3338	.04994	74
Residual	-1.15248	.46132	.00000	.28582	74
Std. Predicted Value	-2.970	1.713	.000	1.000	74
Std. Residual	-3.049	1.581	.000	.979	74

a. Dependent Variable: Customer Retention

4.3.2 Multicollinearity Test

Multicollinearity of the two regression models were tested using pearson correlation matrix, for each of the regression models correlation between the independent variables were below 0.80 (see Appendix 4 Table 2 and Appendix 5 Table 2). Also, the tolerance and variance inflation factor (VIF) statistics of collinearity test results show both the two models has a tolerance value greater than 0.2 and VIF less than 10 indicating no serious multicolleniaritiy in the data

Table 4.3.2 Multicoliniarity test

Coefficients^a

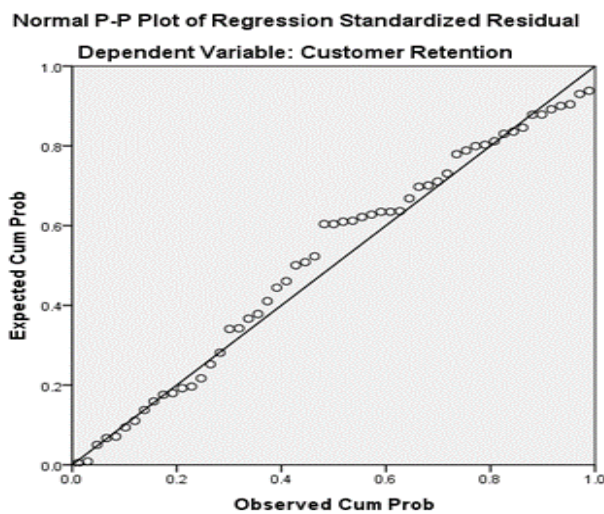
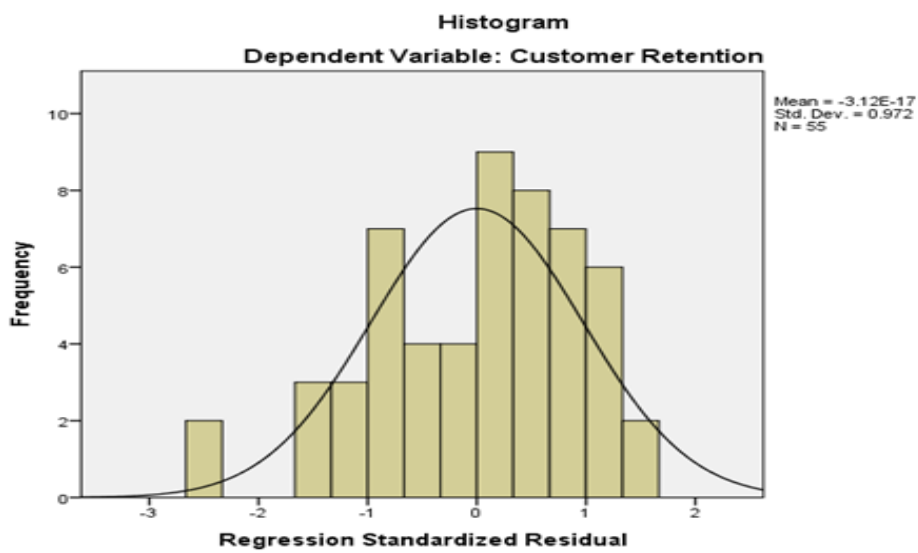
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.871	.437		4.278	.000		
1 Customer Classification	.299	.079	.232	2.954	.005	.959	1.043
Credit Processing	.191	.120	.113	.934	.355	.668	1.496
Loan Follow up	.528	.174	.438	2.513	.015	.681	1.468

a. Dependent Variable: Customer Retention

4.3.3 Normality Test

Garson (2012) suggests the use of a histogram and the normality probability plots to determine the normality of a distributed residual.

The histogram residual plots of this study show the distribution approximately fulfill normal distribution. Also, the p-plots was approximately straight line for the two models, both tests indicate that the residuals were normally distributed.



4.4 Results pertaining to research objective one

The first objective of this study was to determine the effects of credit delivery dimension on customer retention as per the perception of the bankers. In order to achieve this objective initially a total of three hypotheses (H₁, H₂, & H₃) were developed. In regression model one there are three independent variables; customer classification, credit processing and loan follow-up. These independent variables regressed against customer retention to test the effects of credit delivery dimensions on customer retention. The results of the regression model one presented on table 4.11

Table 4.11. The results of the regression model one banker data

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.871	.437		4.278	.000	
	Customer Classification	.232	.079	.359	2.954	.005	.959
	Credit Processing	.113	.120	.136	.934	.355	.668
	Loan Follow up	.438	.174	.362	2.513	.015	.681

a. Dependent Variable: Customer Retention

$R^2 = 0.591$

Adjusted $R^2 = 0.535$

F = 6.520

From Table 4.13 the results of regression model one, the coefficient of determination (R^2) was 0.591, representing that 59.1% of customer retention can be explained by the three dimensions of credit delivery (see appendix 6) for the SPSS output. The proposed model was adequate as the F-static=6.520 were significant at 5% level ($p < 0.05$). This indicates that the model was reasonable fit and there was a statistically significant association between credit system dimensions and customer retention.

Table 4.12 the result of correlations and covariances model one banker data

Coefficient Correlations ^a					
Model		Loan Follow up	Customer Classification	Credit Processing	
1	Correlations	Loan Follow up	1.000	.041	-.552
		Customer Classification	.041	1.000	.143
		Credit Processing	-.552	.143	1.000
	Covariances	Loan Follow up	.030	.001	.012
		Customer Classification	.001	.006	.001
		Credit Processing	.012	.001	.015

a. Dependent Variable: Customer Retention

From table 4.12 showed that there are no correlations between the independent variables in addition to this all variables are moved in the same direction that means positive covariance

4.4.1 Hypotheses H₁, H₂ and H₃

Using the results of individual variables in the regression model one, the first three hypotheses were tested. Both customer classification and loan follow-up dimension were significant at 5% level. However, credit processing found to have a positive correlation with customer retention but not significant to influence it. Therefore, customer classification and loan follow-up have a significant positive effect on customer retention. Thus hypotheses H₁ and H₃ were statistically supported and since customer processing was found to no significant influence on customer retention. Thus H₂ was not statistically supported. The implications of this result are discussed in the subsequent section.

4.4.2 Discussion on regression result of objective one

Objective one of this study is achieved. The effects of credit delivery dimensions on customer retention as per the perception as per the perception of customer relationship managers are identified. Results of model one showed two of the three dimensions of credit delivery have a significant positive influence on customer retention. The standardized beta coefficient provides

the relative importance of each dimension in influencing customer retention in business and corporate customer relationship management and commercial customer relationship management credit sub processes of the CBE head office.

Accordingly, Loan follow-up ($\beta=0.438$) has the highest influential effect on customer retention, followed by customer classification ($\beta=0.232$). The credit processing with ($\beta=0.113$) acts only as a positive contributor but not having a significant effect in influencing customer retention.

Loan follow-up encompass RMs regular business visits, channeling export proceeds through CBE, the effectiveness of follow-up methods for loans advanced to ECX and non ECX items, customers cooperation to avail interim financial statements and business visits subsequent to loan advancement. The result of this study reveals that RMs at the two credit sub process perceive that this dimension highly influences customer retention.

The result of model one also revealed that customer classification significantly influence customers retention in the two credit sub processes. Customer classification encompasses classification of new and existing customers, provision of credit advice and the quality of customer's classification criteria in use.

Overall mean score and standard deviation (see Appendix 6 Table 1) show Loan follow-up ($m=3.66$, $sd=0.497$) customer classification ($m=3.15$, $sd=0.758$) and credit processing ($m=3.35$, $sd=0.625$). Since data were gathered with a five point Likert scale, this result indicates the scores in all the three dimensions were above-average, also the standard deviations figure indicated that scores were relatively has a similar dispersions. Therefore, the result show CRMs in the two credit sub process believe that the credit sub process are performing well in delivering the pre-shipment credit service. However, considering the fact that the mean values of all the three variables were just above the required average amount in

five point Likert scale, the result also signals that attention should be given to enhance the level of credit delivery focusing on loan follow up and customer classification method in use.

Whereas, there is no any other research in this topic in Ethiopia, this research may help for future researcher.

4.5 Results Pertaining to Research Objective Two

The second objective of this study was to determine the effects of credit delivery on customer retention as per the perception of the pre-shipment credit customers. In order to achieve this objective initially a total of three Hypotheses (H4, H5 & H6) were developed. In regression model two there are three independent variables; customer classification, credit processing and loan follow-up. These independent variables regressed against customer retention to test the effects of credit delivery dimensions on customer retention. The results of the regression model two presented on Table 4.14

Table 4.12. The results of the regression model two customer data

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.131	.874		5.136	.000		
2 Customer Classification	.071	.114	.086	-2.296	.199	.989	1.011
Credit Process	.156	.145	.206	-3.327	.045	.993	1.007
Loan Follow up	.066	.140	.653	4.471	.009	.983	1.017

a. Dependent Variable: Customer Retention

$$R^2 = 0.689$$

$$\text{Adjusted } R^2 = 0.548$$

$$F = 12.104$$

From Table 4.14 the results of regression model two, the coefficient of determination (R^2) was 0.689, represents that 68.9% of customers retention can be explained by the three dimensions of credit delivery (see appendix 7) for the SPSS output. The proposed model was adequate as the F-static equal to 12.104 were significant at 5% level ($p < 0.05$). This indicates that the model was reasonable fit and there was a statistically significant association between credit delivery system dimensions and customer retention.

Table 4.15 Results of model 2 correlations and covariance customer data

Coefficient Correlations ^a					
Model		Loan Follow up	Credit Process	Customer Classification	
2	Correlations	Loan Follow up	1.000	-.081	.104
		Credit Process	-.081	1.000	-.012
		Customer Classification	.104	-.012	1.000
	Covariances	Loan Follow up	.020	.002	.002
		Credit Process	.002	.021	.000
		Customer Classification	.002	.000	.013

a. Dependent Variable: Customer Retention

From table 4.12 showed that there are no correlations between the independent variables in addition to this all variables are moved in the same direction that means positive covariance

4.5.1 Hypotheses H4, H5 and H6

Using the results of individual variables in the regression model two, the second three hypotheses (H4, H5 & H6) were tested. Loan follow-up was significant at less than 1% level and credit processing dimension was significant at 10% level. Customer classification, though it was found positively correlated with customer retention, it was not significantly influencing it. Therefore, credit processing and loan follow-up have a significant positive effect on customer retention. Thus, hypotheses H5, and H6 were statistically supported. The implication of this result are discussed in the following section.

4.5.2 Discussion on regression result of objective two

Objective two of this study is achieved. The effects of credit delivery dimensions on customer retention as per the perception of pre-shipment loan customers are identified. Results of model two showed two of the three dimensions of credit delivery have a significant positive influence on customer retention. The standardized beta coefficient provides the relative importance of each dimension in influencing customer retention in business and corporate customer's relationship management and commercial customer relationship management credit sub processes of the CBE head office.

Accordingly, Loan follow-up ($\beta=0.653$) has the highest influential effect on customer retention, followed by credit processing ($\beta=0.206$). The customer classification with ($\beta=0.086$) acts only as a positive contributor but not having a significant effect in influencing customer retention.

Loan follow-up encompass customers prompt access to export proceeds, bankers regular business visit, bankers ability in solving export related problems, convenience of channeling export proceeds through CBE, bankers readiness to respond quickly and consistency of service delivery. The results of this study reveal that pre-shipment loan customer at the two credit sub-process perceive that loan follow-up method in use highly influences their repetitive pre-shipment credit service usage from the CBE.

The result of model two also revealed that credit processing is also significantly influence customers retention in the two credit sub processes. Credit processing on the customers angle encompasses appropriateness of the methods used in sanctioning credit limit, adequacy of the credit limits, adequacy of the advance rate in each sales contract/order, fairness of the interest rate charged, length of time required to get a pre-shipment advance, the provision of credit advance at the right time, the need to assign an obligatory time frame for pre-shipment credit

decision, the adequacy of pre-shipment credit period and the existence of lost orders due to delay on pre-shipment credit advancing.

Overall mean score and standard deviations (see Appendix 7 Table 1) show loan follow-up ($m=3.02$, $sd=0.75$), credit processing ($m=2.712$, $sd=0.71$) and customer classification were above average; also the standard deviation figure indicated that scores have relatively similar dispersion. However, the mean score of credit processing dimension were below the required average. Also the standard deviation figure indicates that the scores have relatively similar dispersion. Therefore, the result show pre-shipment loan customers in the two credit sub process believe that the two credit sub processes are performing well on customer classification i.e providing appropriate guidance on credit application, branch staffs cooperation, provision of performance based service, simplicity of the credit application process and the availability of necessary information for pre-shipment credit request. However, relatively poor performance observed on credit processing dimension while near pass result was also observed on the loan follow-up dimension. In general, the result signals attention should be given to enhance the level of credit delivery focusing on loan follow up and customer classification method in use.

Whereas, there is no any other research in this topic in Ethiopia, this research may help for future researcher.

4.6 Results of Research objective three

The fourth objective of this study was to examine the effects of demographic characteristics of bankers (sex, age, level of education, experience in the credit sub process and pre-shipment case handling) on customer retention.

In order to achieve this objective, one hypothesis developed (H7). To test this hypotheses, one-way analysis of variance (ANOVA) employed and interpretation given using the mean scores, standard deviations and post-hoc Bonferoni tests.

4.6.1 Hypothesis H7

H7 hypothesized that bankers' perception of the credit delivery system differs according to the demographic characteristics of each banker. Table 4.15 summarizes the ANOVA test result

Table 4.13. Summary of Demographic Variables of Bankers and Credit delivery dimension

	Sex	Age	Education	Latest experience of handling a pre-shipment loan case	Average No. of pre-shipment Loan cases handled
Customer classification	0.578	0.578	0.278	0.278	0.578
Credit processing	0.555	0.555	0.555	0.555	0.055
Loan follow up	0.555	0.555	0.555	0.555	0.055
Customer retention	0.543	0.543	0.543	0.543	0.543

As depicted on Table 4.15, one way ANOVA test result summary shows a significant difference exists on bankers' perception of the credit delivery system based on their demographic characteristics such as latest experience of handling a pre-shipment loan case and the average number of pre-shipment loan cases handled. The test results also show differences in sex and age and level of education do not constitute significance variation on bankers' perception of the credit delivery system.

In terms of latest experience of handling a pre-shipment case, (see Appendix 8 Table 4) the overall mean score of all credit delivery dimensions were above average except for CRMs (bankers) who have handled a pre-shipment loan case one year before. This indicates all CRMs who are currently handling a pre-shipment loan case perceive the customer classification practice is performing well. However, significance differences identified between CRMs who have handled a pre-shipment loan case a year before (mean=2.36 and sd=0.751) and those who are currently handling it (mean=3.7419 and sd=0.44732) the post-hoc

Bonferroni test (see Appendix 10 Table 1) revealed that the difference exist on CC1 (credit advisors provide appropriate guidance up on receiving the credit request) and CC6 (The data used for classification purpose is limited to credit exposure information) attributes of the customer classification dimension. This indicates those who have handled a pre-shipment loan case earlier believe that the customer classification criteria only considers customers credit exposure and the credit advisors do not provide appropriate guidance up on receiving the credit request.

Table 4.15 also depicts that the second significance difference was observed based on the average total number of pre-shipment loan cases handled by the bankers. The overall mean scores of all the dimensions of the credit delivery system were also above average (see Appendix 8, Table 5). This indicates regardless of the number of case they handled, all the CRMs believe that the credit delivery system is performing well. However, a significance was observed on credit processing and loan follow-up between those who have handled five or less cases (mean=3.56, sd=0.575) and those CRMs who have handled six to ten cases (mean=3.56, sd=0.575) and those CRMs who have handled six to ten cases (mean=3.041, sd=0.582). The bonferroni test ANOVA table (see appendix 10 Table 2) revealed that in relation to credit processing the significant differences was observed on the following attributes. (CP1) the use of electronic media to submit credit request, (CP5) thrust worthiness of the financial statements presented by loan applicants, (CP7) the cross checking practice to validate the information acquired on fresh loan application before advancing the loan and (CP8) on the consideration given by credit analysts for information provided with due diligence report. However, it should be noted that the regression result of model one has already identified that credit processing has no significant influence on customer retention.

The test result (see appendix 10 Table 3) also revealed that the significant differences on loan follow-up was observed between those who have 5 to 10 pre-shipment loan case handling experience (mean=3.2547, sd=0.0844) and those who have 5 or less case handling experience (mean=3.7986, sd=0.75790). Bonferroni test ANOVA table (Appendix 10 Table 3) reveals the two specific attributes on which the significant difference was observed. These two attributes were (LF2) customers' dedication to channel export proceeds through CBE and (LF7)

customers' cooperation for business visits subsequent to loan advancement. This result indicates those CRMs who have handled 5 to 10 pre-shipment cases believe that pre-shipment loan customers has less dedication to channel export proceeds through CBE and they are also less cooperative for business visits subsequent to loan advancement. The credit process procedure of CBE section 3.4.1 Sub section (B) 15 states that all pre-shipment advances against sales contract shall be settled from the export proceeds. It also orders customer relationship managers/Customer relationship officers/Branch managers to maintain an attentive follow-up to avoid fund diversification and timely settlement of the advance.

4.7 Results of Research Objective Four

The fourth objective of this study was to examine the effects of demographic characteristics and business background of customers (Age, level of education, total experience in business, experience in exporting business, type of other business sector the customers are involved, the type of item they export, their average annual export value in USD and the terms of granting pre-shipment loan) on customer retention.

In order to achieve this objective, one hypothesis was developed (H8). To test this hypotheses, one way Analysis of variance (ANOVA) was employed and interpretation given using the mean scores, standard deviations and post-hoc Bonferroni tests.

Table 4.14. Summary of demographic and customers' business background and the dimensions of credit delivery system

	Age	Education	Total Experience In Business	Experience in Exporting business	Type of other Business sector involved	Type Of Export item	Average annual Export value in USD	Terms of granting the pre-shipment loan
Customer classification	0.578	0.278	0.578	0.578				

Credit processing	0.555	0.555	0.555	0.555	^^	^^		
Loan follow-up	0.555	0.555	0.055	0.055	^^	^^	^^	
Customer Retention	0.543	0.543	0.543	0.043				

As depicted on Table 4.16 above, the summary one way ANOVA test result shows a significant difference exists on customers' perception of the credit delivery system based on their demographic characteristics such as level of education, general business experience, experience in exporting business, the type of other business sector the customers' are involved, the type of export item they export, the average export value they generate and the terms of granting the pre-shipment loan they use (against sales contract, without sales contract and using both).

Based on the customers' education level (see appendix 9 Table 2) the overall mean values of all the service delivery dimensions were above the required average indicating that all customers regardless on the difference in their level of education believe that the credit delivery system is performing well, However, a significant difference was observed between customers' who hold a first degree (M=4.447, sd=0.58107) and those who are 12th grade or below (M=4.0857, sd=1.1837). The bonferroni test result (see appendix 11 Table 1) reveals that the significant differences were on (CC1) the bank staffs provide appropriate guidance up on receiving credit application and (CC2) the bank provides me service according to my export performance. This result indicates that those customers who are less educated require more assistance on credit application and they also need the credit service to be linked with their export performance. However, it should be noted that the multiple regression result of model two of this study has already identified that customer classification has no significant influence on customer retention.

The second significance difference was observed based on the customers' total business experience. As depicted on Table 4.16 the difference was occurred on loan follow-up dimension. The overall mean scores (see appendix 9 Table 3) in all the three dimensions were above average indicating that the customers regardless of their total business experience consider that the credit delivery in the two credit sub process are performing well. However a

significant difference was observed between the customers who have a total business experience of 10 to 14 years ($M=3.929$, $sd=0.82137$) and those who have 2 to 5 years of total business experience ($M=3.035$, $sd=1.3273$) on loan follow-up dimensions. The bonferroni test reveals that the significant difference was occurred on LF1 (export proceeds are credited to my account on time), LF2 (the bank staffs regularly visit our business premises) and LF3 (the bank staffs are well trained on export credit matters) attributes of loan follow-up. Appendix 9 Tables 5 also identifies that among those customers who have 10 to 14 years of total business experience 66.67% have shifted/expanded their business to exporting in the last 2 to 5 years.

These results indicate that those customers who are entirely new to business require a shorter time span to get their export proceeds and to get credit service with a well-trained bank staffs. They also believe that the bank staffs do not regularly visit their business premises.

The third significant difference observed based on the customers experience in exporting business. As shown on table 4.16 customers' perception of the credit delivery shows a significant difference on loan follow-up dimensions and customer retention. In terms of loan follow-up the overall mean values (see appendix 9 table 4) are above the expected average. This indicates all customers regardless of the length their exporting business experience believe that the two credit sub-processes are performing very well on their follow-up practice. However, a significant difference was observed between those customers who have a 10 to 14 years of exporting business experience ($M=4.285$, $sd=1.0116$) and those customers who have a 2 to 5 years exporting experience ($M=3.5$, $sd=0.95064$). The bonferoni test reveals that those difference were observed on LF4 (the bank staffs are keen in solving problems related to export credit) and LF6 (the bank maintains consistency of performance) attributes of the loan follow-up. This result indicates that the customers who are new to exporting business require better assistance on solving export related matters and a consistent service delivery.

In terms of customers retention based on the exporting experience, those exporters who have 10 to 14 years of experience tend to remain to use the banks pre-shipment credit service than those who have 2 to 5 years of exporting experience. Furthermore, a cross tabulation of total business experience to experience in exporting business (see appendix table 5) reveals that a

240% increase on the number of exporters in the last 2 to 5 years was occurred due to the fact that there was a major shift or expansion to exporting business by business persons who have been engaged in other business. This result indicates that the customers who has 2 to 5 years of exporting experience is composed of customers who are entirely new to business and those who are new to exporting business but has been engaged in other business. The result indicates that those customers who have 2 to 5 years of exporting experience are requiring more attention and care.

The fourth significant difference observed based on the type of other business sector the exporters are involved. As shown on table 4.16 the significant differences were observed on credit processing and loan follow-up dimension of the credit delivery. Appendix 9 table 7 reveals that based on the type of other business sector the exporters are engaged, the overall mean scores of all credit delivery dimensions were above the expected average. This indicates regardless of their engagement in other business sector the customers perceive the credit delivery in the two credit sub process were good. However, a significant difference was observed on credit processing between those customers who are also engaged in importation business ($M=3.1, sd=0.9649$) and those customers who are engaged in construction ($M=3.71, sd=1.00017$). The bonferroni test (see appendix 11 table 4) reveals that the difference was on CP4 (The bank charges a fair rate of interest on pre-shipment credit) attribute of the credit processing. This result indicates those customers who are also engaged in importation business require a reduction on the rate of interest charged on the pre-shipment credit.

Furthermore, a significant difference on loan follow-up dimension was observed between those customers who are also engaged in importation ($M=3.0339, sd=0.93$) and those who also engaged in importation and construction ($M=4.4767, sd=0.91$). The particular attributes on which the significant difference observed were LF4 (the bank staffs are keen in solving problems related to export credit) and LF5(channeling my export proceeds through this bank is convenient for me) see appendix 11 table 5 for the bonferroni test results. This result indicates customers who are also engaged in importation business require getting the credit service with a bank staff who is devoted in solving their export related problems and an improved and convenient ways to channel their export proceeds through CBE.

The fifth significant difference observed based on the type of export item the customers export. As table 4.16 above show, the significant differences observed on credit processing and loan follow-up dimensions of the credit delivery. In relation to credit processing a significant difference was observed between those customers who export coffee, oilseeds and pulses ($M=3.06$, $sd=0.57735$) and those who export oilseeds ($M=3.9128$, $sd=0.9168$). The bonferoni test (see appendix 11 table 6) reveals that the specific attribute on which the difference was occurred is CP6 (None of my export orders are lost due to delay on pre-shipment loan credit processing). This result indicates that customers who were engaged in exporting of coffee, oilseeds and pulses has experience a lost export sales as a result of failure to advance the pre-shipment credit at the right time.

In relation to loan follow-up the significant difference was observed between customers who export pulses ($M=2$, $sd=0.9033$) and those who export oilseeds, pulses and spices ($M=4$, $sd=0.7840$). The bonferroni test reveals these difference were observed on LF2 (the bank staffs regularly visit our business premises), LF3 (the bank staffs are well trained on export credit matters), LF4 (the bank staffs are keen in solving problems related to export credit) LF7 (the bank staffs are ready to respond quickly) attributes of the loan follow-up dimension. This result indicates that those pre-shipment loan customers who were engaged on exporting of pulses requires an improved credit service delivery with a bank staff who are well trained in export related matters, devoted to solve export related problems and respond quickly.

The last significant difference observed based on the average annual export value the exporters generate. As Table 4.16 shows the overall mean scores except for those who generate annual export value of 300,000USD to 1 million USD on the loan follow-up dimension, all the customers regardless the amount of average annual export sales they generate believe that the credit delivery in the two credit sub-process are well. However, a significant difference were observed (appendix 9 table 9) between those customers who generate an average export value of 300,000 USD to 1 million USD ($M=2.5$, $sd=1.41421$) and those who generate 10 to 20 Million USD ($M=3.5233$, $sd=0.14127$) on loan follow-up. The bonferroni test (appendix 11 table 8) reveals that the differences was occurred on LF1 (export proceeds are credited to my

account on time), LF2 (the bank staffs regularly visit our business premises) and (the bank staffs are keen in solving problems related to export credit) attributes of the loan follow-up dimension. This result indicates that the customers who generate an export sales value of 300,000 USD to 1 million USD annually need an improvement service in terms of getting their export proceeds credited to their account on time, a devoted bank staffs to solve export related problems. They also indicated that the bank staffs do not visit their business premises regularly.

Among the customers surveyed in this study, no significance difference observed based on the differences on their age and the terms of granting the pre-shipment loan they use.

4.8 Summary of Hypothesis test results

In this study, original 8 hypotheses were developed to achieve the objectives. Using multiple regression analysis and one way ANOVA the hypothesis were tested. Table 4.17 presents the test results.

Table 4.15. Summary of hypothesis test results

No.	Hypothesis	Test results
H1	Customer classification has significant positive effect on customer retention at business and corporate and commercial customer management credit sub-processes as per the bankers' perception	Supported
H2	Credit processing has significant positive effect on customer retention at business and corporate and commercial customer management credit sub-processes as per the bankers' perception	Not supported
H3	Loan follow-up has significant positive effect on customer retention at business and corporate and commercial customer management credit sub-processes as per the bankers' perception	Supported

H4	Customer classification has significant positive effect on customer retention at business and corporate and commercial customer management credit sub-processes as per the customers' perception	Not supported
H5	Credit processing has significant positive effect on customer retention at business and corporate and commercial customer management credit sub-processes as per the customers' perception	Supported
H6	Loan follow-up has significant positive effect on customer retention at business and corporate and commercial customer management credit sub-processes as per the customers' perception	Supported
H7	Bankers' perception of the credit delivery system (Customer classification, credit processing and loan follow-up) and customer retention differs according to their demographic characteristics and business background	Supported
H8	Customers' perception of the credit delivery system (Customer classification, credit processing and loan follow-up) and customer retention re-patronage differs according to their demographic characteristics	Supported

Chapter 5

5 Summary, Conclusions and Recommendations

5.1 Summary

The main aim of this study was to examine how credit delivery predicts customer retention among pre-shipment credit customers in the business and corporate and commercial credit management sub process of commercial bank of Ethiopia as per the perception of bankers and customers. In order to achieve a better understanding of the possible effects of credit delivery on customer retention, four research objectives and eight hypotheses were developed.

Data was gathered from both bankers and customers through a questionnaire. 55 and 74 complete questionnaires were used from banker and customer side respondents respectively. A perception only perspective was used to gather the data. The four objectives of this study are satisfied. The effects of credit delivery on customer retention as per the bankers' and customers' perception; the effects of demographic variables on bankers' and customers' perception of the credit delivery and customers retention are also confirmed by statistical analysis.

The result revealed that credit delivery is positively related to customer retention. The result also shows the bankers perceives that 59.4% of the variation in customer retention explained by the credit delivery while the customers opinion shows 68.9% of the variation on the customer retention can be explained by the credit delivery. Here it should be noted that the effects of other variables not considered in this study has also a strong influence on explaining the variation on customer retention.

Furthermore, the result indicated that as per the bankers' opinion Loan follow-up ($\beta=0.34$) has the most influential effect on customer retention compared to other dimensions. Customer classification ($\beta=0.313$) has the second influential effect on customer retention. Credit processing identified as having no significant effect on customer retention.

The result also identified that as per the perception of customers loan follow-up dimension ($\beta=0.653$) has identified as having the most influential effect on customer retention compared to other dimensions followed by credit processing ($\beta=0.20$). Customer classification has no significant influence on customer retention.

5.2 Conclusions

The finding of this study also indicated that both the bankers as well as the customers perception of the credit delivery system and customer retention in the two credit sub process differs according to the differences on their demographic and business experience.

The bankers' perception differs based on differences on their latest experience in handling pre-shipment loan case and on the average number of cases they have handled. Accordingly, bankers who have handled a pre-shipment loan case last year and those who have handled 5 to 10 pre-shipment loan cases has a significant difference on customer classification, credit processing and loan follow-up.

Based on the bankers' perception the specific areas requiring the management attention are related to the consideration of credit exposure information alone on customer classification, the provision of inadequate advice by credit advisors up on receiving a credit application. They also believe that the customers are less dedicated to channel export proceeds through CBE and less cooperative for business visits subsequent to loan advancement.

On the other hand, the customers' perception has shown significant difference based on differences on their education, total experience in business; experience in exporting business; the type of other business sector they are involved; the type of export item they export and the average annual export value they generate in USD. Accordingly, customers who were grade 12 or less, who have from 2 to 5 years of total business and exporting business experience, who are also engaged in importing business and those who export pulses and coffee, oilseeds and

pulses and those who generate an annual export value of 300,000 to 1 million USD require an improved credit service delivery.

The specific areas requiring bank management attention are related to the provision of service with a well-trained bank staffs, better support on solving export related problems, consistent service delivery, prompt credit of export proceeds to the customer's account and on time pre-shipment credit advancing which avoids lost export sales orders due to delay in credit advancing. Furthermore, specific to those customers who are also engaged in importing business they require a reduction on the interest rate charged on pre-shipment loan and less comfortable to channel export proceeds through CBE.

In general, in the result of this study as per the bankers' perception loan follow-up and customer classification dimensions are identified as significantly influencing customer retention. On the other hand, based on the customers' perception loan follow-up and credit processing dimensions are identified as significantly influencing customer retention. This result implies that by improving the customers' perception towards the loan follow-up and credit processing dimensions by focusing on the areas on which relatively poor perception was observed the two credit sub-process can improve customer retention which in turn has a significant effect on attracting new customers.

5.3 Recommendations

This study examined the effects of credit delivery on customer retention in business and corporate credit management and commercial credit management sub process of CBE. Based on the conclusions reached, the following broad recommendations are forwarded focusing on the issues that may have managerial implications.

- Focus shall be given to provide appropriate guidance and all relevant information upon receiving the credit request.

- Pre-shipment loan customers shall be well educated about the purpose of bankers' visit to their premises subsequent to loan advancement.
- Focus shall be given to maintain efficiency on crediting a realized amount to the customer's account. This include avoiding the possibility inter-posting, delay on settling the relevant loan account and crediting the customers' account with the relevant portion from export proceeds.
- A regular meeting shall be organized with exporters to be regularly updated and respond accordingly. Although the bank organizes one discussion meeting and an award ceremony every quarter year, it is better to organize more meeting so as provide the service accordingly.
- The loan delivery time reports of the bank show that much of the fresh short term loan delivery took more than the standard loan processing time fixed for both fresh short term loan and credit facility reviewing or renewal requests. To maintain consistency of performance focus shall be given to provide accordingly to the standard loan delivery time. If necessary, a revision on an obligatory time frame for fresh renewal or related requests shall be considered.
- More attention shall be given for exporters who are also engaged in importing business.
- Almost all of the exporters assessed in this study are also engaged in other business. This indicates the fact that their perception of the pre-shipment credit delivery influenced by the financing need for their other business. As a result, the pre-shipment credit benefit package shall be revised taking in to consideration both the customers' other business financing need and the other banks similar facility benefit package.
- To get a better picture of the customers, customer classification criteria shall also incorporate the customers' use of other products of the bank.

5.4 Recommendation for future studies

This study focused on identifying how credit delivery predicts customer retention in the business and corporate credit management and commercial credit sub process of the CBE.

Using a perception only perspective an interesting study can be conducted by incorporating the opinions of directors to the RMs and exporters' opinion also, a more interesting study can also be made by triangulating the secondary data on export financing, bankers and exporters opinion. Comparing the pre-shipment credit packages of other banks with CBEs' may also provide valuable information.

Furthermore, identifying the factors that lead to a major shift or expansion made by business people to the export sector in the recent years would also be an interesting researchable area.

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Appendix 1 Questionnaires for bankers

ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT

Questionnaire for Customer Relationship managers (CRM)

Dear Customer Relationship managers

The objective of the study is to measure the effect of pre-shipment export credit delivery system on customer retention in commercial bank of Ethiopia. The researcher assures you that the information you provide will be used only for academic research purpose and anonymity of the respondent will be maintained throughout the research process. The answers to the questions will be treated strictly confidential. Do not provide your name. Please complete the questions honestly.

Thank you in advance!

Solomon Yeshitila

Phone: 0912-043299

General Instruction

- **Do not write your names on the questionnaire**
- **Your frank response is vital for the success of the study**
- **Please put a “ x “ on your choices**

Part – I Profile of respondents

5 means you **strongly disagree** with the statement, 4 means you **disagree** with the statement, **3** means you neither agree nor disagree (not yet decided) with the statement, 2 means you **agree** with the statement and 1 means you **strongly agree**

S.N	Items	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
1	Customer Classification	5	4	3	2	1
1.1	Credit advisors provide appropriate guidance up on receiving the credit request					
1.2	Existing customers reclassification performed during the physical year					
1.3	Credit advisors classify each new customers					
1.4	Customers classification review is performed at every 4 th quarter of each year					
1.5	Customers classification criteria in use gives a true picture of the credit customers					
1.6	Data used for classification purpose is limited to credit exposure information					
1.7	Customers are served according to their contribution to the banks' profitability					
2	Credit processing	5	4	3	2	1
2.1	Customers use electronic media to submit their credit request					
2.2	Customers are interviewed upon lodgment of credit application					
2.3	Customers are willing to provide all necessary information during the interview session					
2.4	Information provided in the financial statement of loan applicants are crosschecked before loan approval					

2.5	Financial statements of loan applicants are trust worthy					
2.6	The management information service provides all necessary information upon request					
2.7	The validity of information acquired on fresh loan application is cross-checked before advancing the loan					
2.8	Credit analysts give appropriate consideration for information provided with due diligence report					
2.9	The due diligence form in use helps to incorporate all relevant information					
2.10	Credit analysis highly depended on financial information					
2.11	Credit analysis performed after all relevant documents are gathered					
2.12	All credit decisions are communicated to the customer via the respective customer relationship managers					
2.13	CRMs are alert for any warning signals subsequent to approval of credit but before disbursement					
3	Regular loan follow-up and collection	5	4	3	2	1
3.1	CRMs make a regular business visits to their existing pre-shipment loan customers as necessary					
3.2	Pre-shipment loan customers are keen to channel export proceeds through CBE					
3.3	Follow-up methods in use are effective in tracking the use of loan advanced to ECX export items					
3.4	Follow-up methods in use are effective in tracking the use of loan advanced to Non-ECX export items					
3.5	Customers avail interim financial information as requested					
3.6	All pre-shipment loan advances are settled by export proceeds					
3.7	Pre-shipment loan customers are cooperative for business visits subsequent to loan advancement					

4	Customer Retention	5	4	3	2	1
4.1	Our pre-shipment loan customers are willing to remain in business with us					
4.2	The number of pre-shipment loan customers in this sub process is increasing					
4.3	Pre-shipment loan customers rarely leave our services for our competitors					
4.4	Our customers are normally served for long period exceeding 5 years					
4.5	The pre-shipment credit customer defection rate is low in this sub process					
4.6	Most of the customers have become part of us in business					
4.7	Change in pre-shipment credit customers defection rate are investigated by management					
4.8	Our customers retention are affected by service flexibility					
4.9	We normally offer after sales service to our retained customers					

Appendix 2 Questionnaires for customers

ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT

Questionnaire for Customers

Dear Customer,

The objective of the study is to measure the effect of pre-shipment export credit delivery system on customer retention in commercial bank of Ethiopia. The researcher assures you that the information you provide will be used only for academic research purpose and anonymity of the respondent will be maintained throughout the research process. The answers to the questions will be treated strictly confidential. Do not provide your name. Please complete the questions honestly.

Thank you in advance!

Solomon Yeshitila

Phone: 0912-043299

General Instruction

- **Do not write your names on the questionnaire**
- **Your frank response is vital for the success of the study**
- **Please put a “ x “ on your choices**

Part – I Profile of respondents

1. Sex Male Female

2. Age group

- 30 years old or less 31 to 40 years
41 to 50 years 51 to 60 years
More than 60 years

3. The highest level of education you have achieved

- Not enrolled in formal education Grade 8 or below
Grade 12 or below Certificate Diploma
First Degree Second Degree Other

4. How long you have been doing business in general

- Less than one year 2 to 5 years 6 to 9 years
10 to 14 years 15 to 19 years 20 to 24 years
 25 or more years

5. Are you engaged in any other business? Yes No

6. If your answer is “yes” for the above question, in which type of other business you engaged?

- Import Manufacturing Construction Other

7. Which of the following items your business exports

- Coffee Meat and Meat products Gold
Oilseeds Fruits and Vegetables Flower
Chat Leather and leather products Pulses
Live animal others

8. Average annual export value in US Dollars of your business is

Less than 300,000 between 300,000 to 1 million between 1 to 3 million

Between 3 to 10 million between 10 to 20 million

Between 20 to 30 million More than 30 million

9. Using which alternative you have used pre-shipment credit before

Against sales contract without sales contract both

Part II -The following statements relate to your feelings about pre-shipment loan handling process at credit sub-process of the CBE head office. Please show the extent to which you believe the service has the feature described in each statement listed below

5 means you **strongly disagree** with the statement, 4 means you **disagree** with the statement, 3 means you neither agree nor disagree (not yet decided) with the statement, 2 means you **agree** with the statement and 1 means you **strongly agree**

S.N	Items	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
1	Customer Classification	5	4	3	2	1
1.1	The bank staffs provide appropriate guidance up on receiving credit application					
1.2	This bank provides me service according to my export performance					
1.3	The bank staffs at the bank's branch are cooperative					
1.4	The credit application process is simple					

1.5	The bank avails all necessary information for pre-shipment credit requests					
2	Credit processing	5	4	3	2	1
2.1	This bank uses appropriate method of assessment to sanction a credit limit					
2.2	The bank provides adequate credit limit					
2.3	The bank advance rate in each contract is adequate					
2.4	This bank charges a fair rate of interest on pre-shipment loan					
2.5	The time required to get a credit advance is short					
2.6	This bank provides a pre-shipment advance at the right time					
2.7	The bank should assign an obligatory time frame for pre-shipment credit decision making process					
2.8	The period of pre-shipment credit is adequate					
2.9	None of my export orders are lost due to delay on pre-shipment credit advancing					
3	Regular loan follow-up and collection	5	4	3	2	1
3.1	Export proceeds are credited to my account on time					
3.2	The bank staffs regularly visit our business premises					
3.3	The bank staffs are well trained on export credit matters					
3.4	The bank staffs are keen in solving problems related to export credit					
3.5	Channeling my export proceeds through this bank is convenient for me					
3.6	The bank maintains consistency of performance					
3.7	The bank staffs are ready to response quickly					
4	Customer Retention	5	4	3	2	1
4.1	I consistently use service from this bank irrespective of the lending rate					
4.2	I will continue using services from this bank					
4.3	I am always encouraged to continue using services in the					

	bank by the bank's staff					
4.4	The caring attitudes of staff has impacted on my stay in this bank					
4.5	The flexibility of services in this bank has influence my stay					
4.6	The easy accessibility of services in this bank has continuously induced me to use services					
4.7	The competitive interest rate have sustained me in this bank					
4.8	Pre-shipment loan facility have sustained my needs all the time					
4.9	Transparent communication maintained in this bank have motivated me to stay					
4.10	The recognition for best performance encourages me to continue accessing loans from this bank					

Appendix 4 Summary of Missing Value Analysis (Bankers' Data)
Appendix 4 Table 1

Univariate Statistics

	N	Mean	Std. Deviation	Missing		No. of Extremes ^a	
				Count	Percent	Low	High
CC1	55	3.4364	1.58422	0	.0	0	0
CC2	55	3.1636	1.48777	0	.0	0	0
CC3	55	3.6364	1.33837	0	.0	0	0
CC4	55	3.2182	1.42323	0	.0	0	0
CC5	55	2.7455	1.39069	0	.0	0	0
CC6	55	3.7091	.97511	0	.0	1	0
CC7	55	3.8000	1.11222	0	.0	0	0
CP1	55	2.6727	1.51602	0	.0	0	0
CP2	55	2.3455	1.35015	0	.0	0	0
CP3	55	2.4727	1.15237	0	.0	0	3
CP4	55	2.0909	1.11010	0	.0	0	7
CP5	55	2.1091	1.11675	0	.0	0	0
CP6	55	2.2182	1.19708	0	.0	0	11
CP7	55	2.0727	.97856	0	.0	.	.
CP8	55	2.1273	1.29178	0	.0	0	9
CP9	55	1.8000	.98883	0	.0	0	4
CP10	55	1.8000	.80277	0	.0	0	2
CP11	55	1.7636	.71915	0	.0	0	1
CP12	55	1.7636	1.20129	0	.0	0	7
CP13	55	2.3455	1.15819	0	.0	0	4
LF1	55	2.3273	1.24803	0	.0	0	0
LF2	55	2.1818	1.12367	0	.0	0	9
LF3	55	2.0727	1.06900	0	.0	0	8
LF4	55	1.8909	.91637	0	.0	0	5
LF5	55	1.8182	.64092	0	.0	0	1
LF6	55	2.0364	.90192	0	.0	0	5
LF7	55	1.7636	.63723	0	.0	0	1
CR1	55	3.7818	1.21245	0	.0	11	0
CR2	55	3.9091	1.11010	0	.0	7	0
CR3	55	3.6182	1.19398	0	.0	5	0
CR4	55	3.7818	1.28655	0	.0	0	0
CR5	55	4.0364	1.07089	0	.0	7	0
CR6	55	3.9273	1.05153	0	.0	8	0
CR7	55	3.7273	1.32574	0	.0	13	0

CR8	55	3.9455	1.06141	0	.0	6	0
CR9	55	3.2727	1.45875	0	.0	0	0
Sex	55	1.1636	.37335	0	.0	.	.
Age	55	1.8545	.65030	0	.0	0	0
Education	55	3.5818	.49781	0	.0	0	0
Experience as a CRM	55	2.3273	1.24803	0	.0	0	0
Sub-process experience	55	1.9636	.60747	0	.0	.	.
Latest exp in handling pre-shipment loan case	55	1.4364	.87694	0	.0	0	4
Average no of pre-ship cases handles	55	2.0000	1.34715	0	.0	0	11

a. Number of cases outside the range (Q1 - 1.5*IQR, Q3 + 1.5*IQR).

b. . indicates that the inter-quartile range (IQR) is zero.

Appendix 4 Table 2

		Customer Retention	Customer Classification	Credit Processing	Loan Follow up
Customer Retention	Pearson Correlation	1	.279*	.269*	.387**
	Sig. (2-tailed)		.039	.047	.004
	N	55	55	55	55
Customer Classification	Pearson Correlation	.279*	1	-.199	-.145
	Sig. (2-tailed)	.039		.146	.290
	N	55	55	55	55
Credit Processing	Pearson Correlation	.269*	-.199	1	.564**
	Sig. (2-tailed)	.047	.146		.000
	N	55	55	55	55
Loan Follow up	Pearson Correlation	.387**	-.145	.564**	1
	Sig. (2-tailed)	.004	.290	.000	
	N	55	55	55	55

*. Correlation is significant at the 0.05 level (2-tailed).

** . Correlation is significant at the 0.01 level (2-tailed).

Appendix 5 Summary of Missing Value Analysis (Customer Data)

Appendix 5 Table 1

Univariate Statistics							
	N	Mean	Std. Deviation	Missing		No. of Extremes ^{a,b}	
				Count	Percent	Low	High
Sex	74	1.0405	.19857	0	.0	.	.
Age	74	2.2027	.72111	0	.0	.	.
Education	74	2.2568	1.15937	0	.0	.	.
Experience	74	4.0000	1.59623	0	.0	0	0
Other Experience	74	1.0270	.16327	0	.0	.	.
If yes wh sector	73	2.4932	1.33462	1	1.4	0	0
Business of exports	74	4.9459	1.77418	0	.0	6	4
Export value	74	4.8243	1.01169	0	.0	4	2
Pre-shipment credit	74	1.0000	.00000	0	.0	.	.
CC1	74	1.7432	.57483	0	.0	0	0
CC2	74	1.5541	.76107	0	.0	0	0
CC3	74	1.7027	1.06924	0	.0	0	7
CC4	74	1.7162	.69283	0	.0	0	0
CC5	74	1.3514	.65024	0	.0	0	0
CP1	74	4.3649	.76882	0	.0	2	0
CP2	74	4.4189	.54914	0	.0	0	0
CP3	74	4.3784	.56623	0	.0	0	0
CP4	74	4.3919	.49151	0	.0	0	0
CP5	74	4.3108	.46598	0	.0	0	0
CP6	74	4.6081	.49151	0	.0	0	0
CP7	74	4.0541	1.08403	0	.0	8	0
CP8	74	4.2297	.97288	0	.0	6	0
CP9	74	4.0676	.89643	0	.0	5	0
LF1	74	4.3378	.79858	0	.0	3	0
LF2	74	4.5135	.50323	0	.0	0	0
LF3	74	4.3919	.59259	0	.0	1	0
LF4	74	4.3919	.69868	0	.0	2	0
LF5	74	4.3784	.65590	0	.0	2	0
LF6	74	4.2973	.90250	0	.0	5	0
LF7	74	4.4054	.54694	0	.0	0	0
CR1	74	4.2568	.82861	0	.0	4	0
CR2	74	4.3514	.58362	0	.0	1	0
CR3	74	4.2162	.83207	0	.0	4	0
CR4	74	4.3378	.84848	0	.0	3	0

CR5	74	4.3108	.89022	0	.0	4	0
CR6	74	4.2703	.86480	0	.0	3	0
CR7	74	4.2973	.90250	0	.0	5	0
CR8	74	4.4595	.70593	0	.0	2	0
CR9	74	4.4189	.68260	0	.0	2	0
CR10	74	4.4189	.74036	0	.0	2	0

a. Number of cases outside the range (Q1 - 1.5*IQR, Q3 + 1.5*IQR).

b. . indicates that the inter-quartile range (IQR) is zero.

Appendix 5 Table 2

		Correlations			
		Customer Retention	Customer Classification	Credit Process	Loan Follow up
Customer Retention	Pearson Correlation	1	-.159	-.035	.069
	Sig. (2-tailed)		.175	.769	.561
	N	74	74	74	74
Customer Classification	Pearson Correlation	-.159	1	.004	-.104
	Sig. (2-tailed)	.175		.975	.380
	N	74	74	74	74
Credit Process	Pearson Correlation	-.035	.004	1	.080
	Sig. (2-tailed)	.769	.975		.499
	N	74	74	74	74
Loan Follow up	Pearson Correlation	.069	-.104	.080	1
	Sig. (2-tailed)	.561	.380	.499	
	N	74	74	74	74

Appendix 6 Regression Result Model 1(Banker Perception)

Appendix 6 Table 1

Descriptive Statistics			
	Mean	Std. Deviation	N
Customer Retention	3.7778	.50512	55
Customer Classification	3.1570	.75885	55
Credit Processing	3.3517	.62500	55
Loan Follow up	3.6540	.49710	55

Appendix 6 Table 2

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.527 ^a	.591	.535	.44189	.277	6.520	3	51	.001	.894

a. Predictors: (Constant), Loan Follow up, Customer Classification, Credit Processing

b. Dependent Variable: Customer Retention

Appendix 6 Table 3

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.819	3	1.273	6.520	.001 ^b
	Residual	9.958	51	.195		
	Total	13.778	54			

a. Dependent Variable: Customer Retention

b. Predictors: (Constant), Loan Follow up, Customer Classification, Credit Processing

Appendix 6 Table 4

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.871	.437		4.278	.000		
	Customer Classification	.299	.079	.232	2.954	.005	.959	1.043
	Credit Processing	.191	.120	.113	.934	.355	.668	1.496
	Loan Follow up	.528	.174	.438	2.513	.015	.681	1.468

a. Dependent Variable: Customer Retention

Appendix 6 Table 5

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	3.2523	4.7524	3.7778	.26595	55
Residual	-1.14950	.68033	.00000	.42944	55
Std. Predicted Value	-1.976	3.665	.000	1.000	55
Std. Residual	-2.601	1.540	.000	.972	55

a. Dependent Variable: Customer Retention

Appendix 7 Regression result Model 2 (Customers perception)

Appendix 7 Table 1

Descriptive Statistics

	Mean	Std. Deviation	N
Customer Retention	4.3338	.29015	74
Customer Classification	1.6135	.30038	74
Credit Process	2.7128	.07578	74
Loan Follow up	3.0280	.74633	74

Appendix 7 Table 2

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
2	.172 ^a	.689	.548	.29188	.030	12.104	3	70	.548	1.849

a. Predictors: (Constant), Loan Follow up, Credit Process, Customer Classification

b. Dependent Variable: Customer Retention

Appendix 7 Table 3

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.182	3	.061	12.104	.548 ^b
	Residual	5.963	70	.085		
	Total	6.146	73			

a. Dependent Variable: Customer Retention

b. Predictors: (Constant), Loan Follow up, Credit Process, Customer Classification

Appendix 7 Table 4

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
2	(Constant)	1.131	.874		5.136	.000		
	Customer Classification	.071	.114	.086	-2.296	.199	.989	1.011
	Credit Process	.156	.145	.206	-3.327	.045	.993	1.007
	Loan Follow up	.066	.140	.653	4.471	.009	.983	1.017

a. Dependent Variable: Customer Retention

Appendix 7 Table 5

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	4.1855	4.4193	4.3338	.04994	74
Residual	-1.15248	.46132	.00000	.28582	74
Std. Predicted Value	-2.970	1.713	.000	1.000	74
Std. Residual	-3.949	1.581	.000	.979	74

a. Dependent Variable: Customer Retention

Appendix 8: Bankers' demographic and credit case experience variables versus customer classification, credit processing, loan follow-up and customer retention- One way ANOVA

Appendix 8 Table 1 Sex and Customer classification, Credit processing Loan follow-up and customer retention

ID	Variables	Mean and SD	Sex		F	ANOVA P
			Male	Female		
CC	Customer classification	Mean	3.0786	3.4113	0.413	0.278
		SD	0.77895	0.65769		
CP	Credit processing	Mean	3.2441	3.7200	0.944	0.055
		SD	0.52763	0.83104		
LF	Loan follow-up	Mean	3.5755	3.9625	7.216	0.055
		SD	0.45027	0.61363		
CR	Customer retention	Mean	3.5731	3.6962	0.002	0.543
		SD	0.47164	0.60733		

Appendix 8 Table 2 Age and Customer classification, Credit processing Loan follow-up and customer retention

ID	Variables	Mean and SD	Age category			F	ANOVA P
			30 years or less	31 to 40 years	41 to 50		
CC	Customer classification	Mean	3.0786	3.4113		0.413	0.278
		SD	0.77895	0.65769			
CP	Credit processing	Mean	3.2441	3.7200		0.944	0.055
		SD	0.52763	0.83104			
LF	Loan follow-up	Mean	3.5755	3.9625		7.216	0.055
		SD	0.45027	0.61363			
CR	Customer retention	Mean	3.5731	3.6962		0.002	0.543
		SD	0.47164	0.60733			

Appendix 8 Table 3 Level of education and Customer classification, Credit processing Loan follow-up and customer retention

ID	Variables	Mean and SD	Level of education		F	ANOVA P
			1 st Degree	2 nd Degree		
CC	Customer classification	Mean	3.0786	3.4113	0.413	0.278
		SD	0.77895	0.65769		
CP	Credit processing	Mean	3.2441	3.7200	0.944	0.055
		SD	0.52763	0.83104		
LF	Loan follow-up	Mean	3.5755	3.9625	7.216	0.055
		SD	0.45027	0.61363		
CR	Customer retention	Mean	3.5731	3.6962	0.002	0.543
		SD	0.47164	0.60733		

Appendix 8 Table 4 Latest experience of handling a pre-shipment loan case and Customer classification, Credit processing Loan follow-up and customer retention

ID	Variables	Mean and SD	Latest experience of handling a pre-shipment loan case		F	ANOVA P
			Currently handling it	In the last one year		
CC	Customer classification	Mean	3.7419	2.3613	0.413	0.278
		SD	0.44732	0.7519		
CP	Credit processing	Mean	3.2441	3.7200	0.944	0.055
		SD	0.52763	0.83104		
LF	Loan follow-up	Mean	3.5755	3.9625	7.216	0.055
		SD	0.45027	0.61363		
CR	Customer retention	Mean	3.5731	3.6962	0.002	0.543
		SD	0.47164	0.60733		

Appendix 8 Table 5 Total number of pre-shipment loan cases handled on average and Customer classification, Credit processing Loan follow-up and customer retention

ID	Variables	Mean and SD	Sex		F	ANOVA P
			Five or less cases	Six to ten cases		
CC	Customer classification	Mean	3.0786	3.4113	0.413	0.278
		SD	0.77895	0.65769		
CP	Credit processing	Mean	3.2441	3.5600	0.944	0.055
		SD	0.52763	0.57501		
LF	Loan follow-up	Mean	3.5655	3.04125	7.216	0.055
		SD	0.5752	0.58231		
CR	Customer retention	Mean	3.5731	3.6962	0.002	0.543
		SD	0.47164	0.60733		

Appendix 9: Customers' demographic and Business background and customer classification, credit processing, loan follow-up and customer retention- One way ANOVA

Appendix 9 Table 1 Age and Customer classification, Credit processing Loan follow-up and customer retention

ID	Variables	Mean and SD	Age Category				F	ANOVA P
			30 years or less	31 to 40 years	41 to 50	51 to 60		
CC	Customer classification	Mean	3.0786	3.4113			0.413	0.278
		SD	0.77895	0.65769				
CP	Credit processing	Mean	3.2441	3.7200			0.944	0.055
		SD	0.52763	0.83104				
LF	Loan follow-up	Mean	3.5755	3.9625			7.216	0.055
		SD	0.45027	0.61363				
CR	Customer retention	Mean	3.5731	3.6962			0.002	0.543
		SD	0.47164	0.60733				

Appendix 9 Table 2. Level of Education and Customer classification, Credit processing Loan follow-up and customer retention

ID	Variables	Mean and SD	Level of Education					F	ANOVA P
			Grade 8 or below	Grade 12 or below	Diploma	First Degree	Second Degree		
CC	Customer classification	Mean	3.0786	3.4113				0.4 13	0.278
		SD	0.77895	0.65769					
CP	Credit processing	Mean	3.2441	3.7200				0.9 44	0.055
		SD	0.52763	0.83104					
LF	Loan follow-up	Mean	3.5755	3.9625				7.2 16	0.055
		SD	0.45027	0.61363					
CR	Customer retention	Mean	3.5731	3.6962				0.0 02	0.543
		SD	0.47164	0.60733					

Appendix 9 Table 3. Geberal experience in business and Customer classification, Credit processing Loan follow-up and customer retention

ID	Variables	Mean and SD	Experience in business						F	ANOVA P
			2 to 5 yrs	6 to 9 yrs	10 to 14	15 to 19	20 to 24	25 yrs and above		
CC	Customer classification	Mean	3.0786	3.4113					0.4 13	0.278
		SD	0.77895	0.65769						
CP	Credit processing	Mean	3.2441	3.7200					0.9 44	0.055
		SD	0.52763	0.83104						
LF	Loan follow-up	Mean	3.5755	3.9625					7.2 16	0.055
		SD	0.45027	0.61363						
CR	Customer retention	Mean	3.5731	3.6962					0.0 02	0.543
		SD	0.47164	0.60733						

Appendix 9 Table 4. Experience in exporting business and Customer classification, Credit processing Loan follow-up and customer retention

ID	Variables	Mean and SD	Experience in Exporting business			F	ANOVA P
			2 to 5 years	6 to 9 years	10 to 14 years		
CC	Customer classification	Mean	3.0786	3.4113		0.413	0.278
		SD	0.77895	0.65769			
CP	Credit processing	Mean	3.2441	3.7200		0.944	0.055
		SD	0.52763	0.83104			
LF	Loan follow-up	Mean	3.5755	3.9625		7.216	0.055
		SD	0.45027	0.61363			
CR	Customer retention	Mean	3.5731	3.6962		0.002	0.543
		SD	0.47164	0.60733			

Appendix 9 Table 5. Experience in Business Exporting experience cross tabulation

		Exporting experience			Total
		2 to 5 yrs	6 to 9 yrs	10 to 14 yrs	
Total experience in business	2 to 5 yrs	3.0786	3.4113		0.413
	6 to 9 yrs	0.77895	0.65769		
	10 to 14 yrs	3.2441	3.7200		0.944
	15 to 19 yrs	0.52763	0.83104		
	20 to 24 yrs	3.5755	3.9625		7.216
	25 yrs and above	0.45027	0.61363		
	Total	3.5731	3.6962		0.002

Appendix 9 Table 6. Customers' Involvement in other business and Customer classification, Credit processing Loan follow-up and customer retention

ID	Variables	Mean and SD	Involvement in other Business		F	ANOVA P
			Yes	No		
CC	Customer classification	Mean	3.0786	3.4113	0.413	0.278
		SD	0.77895	0.65769		
CP	Credit processing	Mean	3.2441	3.7200	0.944	0.055
		SD	0.52763	0.83104		
LF	Loan follow-up	Mean	3.5755	3.9625	7.216	0.055
		SD	0.45027	0.61363		
CR	Customer retention	Mean	3.5731	3.6962	0.002	0.543
		SD	0.47164	0.60733		

Appendix 9 Table 7. The Type of other business sector customers are involved and Customer classification, Credit processing Loan follow-up and customer retention

ID	Variables	Mean and SD	Type of other business sector involved					F	ANOVA P
			Importing	Manufacturing	Construction	Import and construction	Other		
CC	Customer classification	Mean	3.0786	3.4113				0.413	0.278
		SD	0.77895	0.65769					
CP	Credit processing	Mean	3.2441	3.7200				0.944	0.055
		SD	0.52763	0.83104					
LF	Loan follow-up	Mean	3.5755	3.9625				7.216	0.055
		SD	0.45027	0.61363					
CR	Customer retention	Mean	3.5731	3.6962				0.002	0.543
		SD	0.47164	0.60733					

Appendix 9 Table 8. Type of export Item and Customer classification, Credit processing Loan follow-up and customer retention

ID	Variables	Mean and SD	Type of Export Item					F	ANOVA P
			Oil seeds	Pulses	Oil seeds and pulses	Coffee, oil seeds and pulses	Oilseeds, Pulses and		
CC	Customer classification	Mean	3.0786	3.4113				0.413	0.278
		SD	0.77895	0.65769					
CP	Credit processing	Mean	3.2441	3.7200				0.944	0.055
		SD	0.52763	0.83104					
LF	Loan follow-up	Mean	3.5755	3.9625				7.216	0.055
		SD	0.45027	0.61363					
CR	Customer retention	Mean	3.5731	3.6962				0.002	0.543
		SD	0.47164	0.60733					

Appendix 9 Table 9. Average Annual Export value in USD and Customer classification, Credit processing Loan follow-up and customer retention

ID	Variables	Mean and SD	Average annual export value in USD					F	ANOVA P
			B/n 300000 to 1 million USD	B/n 1 to 3 million USD	B/n 3 to 10 million USD	B/n 10 to 20 million USD	B/n 20 to 30 million USD		
CC	Customer classification	Mean	3.0786	3.4113				0.413	0.278
		SD	0.77895	0.65769					
CP	Credit processing	Mean	3.2441	3.7200				0.944	0.055
		SD	0.52763	0.83104					
LF	Loan follow-up	Mean	3.5755	3.9625				7.216	0.055
		SD	0.45027	0.61363					
CR	Customer retention	Mean	3.5731	3.6962				0.002	0.543
		SD	0.47164	0.60733					

Appendix 9 Table 10. Terms of granting the pre-shipment Loan and Customer classification, Credit processing Loan follow-up and customer retention

ID	Variables	Mean and SD	Terms of granting the pre-shipment loan			F	ANOVA P
			Against sales contract	Without sales contract	Using both		
CC	Customer classification	Mean	3.0786	3.4113		0.413	0.278
		SD	0.77895	0.65769			
CP	Credit processing	Mean	3.2441	3.7200		0.944	0.055
		SD	0.52763	0.83104			
LF	Loan follow-up	Mean	3.5755	3.9625		7.216	0.055
		SD	0.45027	0.61363			
CR	Customer retention	Mean	3.5731	3.6962		0.002	0.543
		SD	0.47164	0.60733			