

**Addis Ababa University School of Commerce**  
**Department of Marketing Management**  
**Post Graduate Program**



**THE EFFECT OF CUSTOMER RELATIONSHIP  
MARKETING ON CUSTOMER LOYALTY:  
IN THE CASE OF SELECTED BANKS IN ADDIS ABABA**

**BY**

**SELAMAWIT ASRAT**

**Thesis Submitted to Addis Ababa University School of Commerce in Partial  
Fulfillment of the Requirements for the Degree of Masters of Arts in  
Marketing Management**

**ADVISOR: MESFIN WORKINEH (DR)**

**June, 2017**

**Addis Ababa**

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE

MA IN MARKETING MANAGEMENT

THE EFFECT OF CUSTOMER RELATIONSHIP MARKETING ON  
CUSTOMER LOYALTY:

IN THE CASE OF SELECTED BANKS IN ADDIS ABABA

BY: SELAMAWIT ASRAT

APPROVED BY

_____	_____	_____
Chairman, Department	Signature	Date

_____	_____	_____
Advisor	Signature	Date

_____	_____	_____
Advisor	Signature	Date

June, 2017  
Addis Ababa

## **DECLARATION**

I, Selamawit Asrat Kifle, hereby declare that the thesis work entitled “The effect of Customer Relationship Marketing on customer loyalty: in the case of selected banks in Addis Ababa” submitted by me in partial fulfillment of the requirements for the award of the degree of masters of arts in Marketing Management to Addis Ababa University School of Commerce, Department of Marketing Management, is the outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. The matter embodied in this thesis work has not been submitted for any degree in this or any other university to the best of my knowledge and belief.

Name\_\_\_\_\_

Signature\_\_\_\_\_

Date\_\_\_\_\_

## **ACKNOWLEDGEMENTS**

First and foremost, I would like to thank the almighty GOD for the strength, guidance and abundant grace who made everything possible right from the start up to the end. It is also my pleasure to express my deepest gratitude for my husband Dereje H/Gabriel his moral support was an immense help throughout my life and my lovely daughters Afomia Dereje & Rakeb Dereje, who make me strong throughout my study on all matters. God bless all of you.

The completion of this study would have not been realized without the help of others and I would like to take this opportunity to thank everyone who helped me with this thesis. First I would like to express my thanks and appreciation to my Advisor Dr. Mesfin Workineh, for his guidance, continual advice, patience, vast knowledge, and critical review of the thesis. It has helped me to improve the quality of the report and compilation of my thesis work.

A great thanks and special gratitude is addressed to bank customers of Commercial Bank of Ethiopia, Awash International Bank and Dashen Bank because of giving me a great opportunity and cooperation to conduct my research at their bank and they showed me a welcoming face and willing to devote their valuable time filling the questionnaires. Without their kind cooperation, this study would not be complete and become a reality.

**Selamawit Asrat Kifle**

**June, 2017**

## **LIST OF ABBREVIATIONS AND ACRONYMS**

<b>CBE</b>	Commercial Bank of Ethiopia
<b>AIB</b>	Awash International Bank
<b>DB</b>	Dashen Bank
<b>CRM</b>	Customer Relationship Marketing
<b>ICRM</b>	Integrated Customer Relationship Management
<b>RM</b>	Relationship Marketing
<b>ANOVA</b>	Analysis of variance
<b>SPSS</b>	Statistical Package for the Social Sciences
<b>KMO</b>	Kaiser – Meyer – Olkin

## List of Table

Table 3.1: Sample Quota.....	31
Table 4.1 Cronbach’s Alpha coefficients (Reliability test for all variables).....	36
Table 4.2 Skewness and kurtosis.....	37
Table 4.3 Threshold values for KMO and MSA.....	38
Table 4.4 Kaiser-Meyer-Olkin and Bartlett's test.....	39
Table 4.5 Summary of Demographic variables of the respondents .....	44
Table 4.6 Descriptive Statistics.....	45
Table 4.7 Correlation.....	46
Table 4.8 Collerity Statistics .....	48
Table 4.9 variables Entered/Removed for Regression CuL.....	49
Table 4.10 Model summary for CuL .....	50
Table 4.11 ANOVA for Customer Loyalty.....	50
Table 4.12 Multiple Regression for Customer Loyalty.....	51
Table 4.13 Summary of hypothesis testing.....	53
Table 4.14 Descriptive Statistics for Gender.....	54
Table 4.15 Independent sample T-test for Gender.....	55

## List of figure

Figure 2.1 Conceptual framework.....	26
Figure 4.1 Normal distribution curves for customer loyalty.....	37
Figure 4.2 Gender Profile.....	40
Figure 4.3 Age Group.....	40
Figure 4.4 Academic Qualifications.....	41
Figure 4.5 Years of Relationship.....	42
Figure 4.6 Frequency of usage.....	43
Figure 4.7 Scatter plot for customer loyalty.....	49

## ABSTRACT

*This research was conducted to investigate the effect of customer relationship marketing on customer loyalty: the case of selected banks in Addis Ababa. The research design was an explanatory research type. CRM as a strategy has gained tremendous interest among researchers and practitioners in recent times. Thus, the study tried to assess the status and ways CRM has been put in to practice by selected Ethiopian banks. In addition, this research considered different CRM dimensions such as trust, reciprocity, empathy, bonding and responsiveness. Data were collected through the five point's likert scales of questionnaires and used mixed research approach. To achieve the objective of the study, questionnaire was physically distributed to 322 customers of Commercial Bank of Ethiopia, Awash International Bank and Dashen bank. Out of 322 customers 270 (84%) customers were completed and collected. Descriptive, correlation and regression analysis methods were used to analyze the collected data by using SPSS software version 20 and Questionnaires reliability was estimated by calculating Cronbach's Alpha. Descriptive analysis tools such as frequency, percentage, mean and standard deviation and statistical analysis tools such as correlation coefficient was worked out and used to explore the relationships between variables. Regression analysis was performed to study the effect of independent variables on customer loyalty. Research findings indicates that there was a significant relation between customer relationship marketing components including trust, bonding, reciprocity, empathy and responsiveness on customer loyalty and also to regression testing that all variables were examined simultaneously on customer loyalty; results showed that all components have a significant effect on customer loyalty. The finding also suggests some measures which can be taken into consideration in order to enhance CRM practices of the three selected banks. The study also clearly revealed that the five CRM dimensions are strongly related. Thus, from customers of the three banks perspective, CRM has a significant influence on customer loyalty of the selected banks.*

**Keywords:** customer loyalty, customer relationship marketing.

# Table of Contents

Page

## CHAPTER ONE

<b>INTRODUCTION.....</b>	<b>1</b>
<b>1.1 Background of the Study .....</b>	<b>1</b>
<b>1.2 Statement of the Problem .....</b>	<b>5</b>
<b>1.3 Research Question .....</b>	<b>7</b>
<b>1.4 Aims and Objectives .....</b>	<b>7</b>
<b>1.5 Scope of the study .....</b>	<b>8</b>
<b>1.7 Significance of the Study.....</b>	<b>9</b>
<b>1.8 Limitation of the study .....</b>	<b>10</b>
<b>1.9 Definition of Terms.....</b>	<b>10</b>
<b>1.10 Organization of the study .....</b>	<b>11</b>

## CHAPTER TWO

<b>REVIEW OF RELATED LITERATURE.....</b>	<b>12</b>
<b>2.1 Theoretical Literature Review .....</b>	<b>12</b>
<b>2.1.1 Concepts of Customer Relationship Management .....</b>	<b>12</b>
<b>2.1.2 Customer Relationship Marketing Objectives in Banking Industry .....</b>	<b>14</b>
<b>2.1.3 Benefits of Customer Relationship Management in banking Industry.....</b>	<b>15</b>
<b>2.1.4 The major challenges that banks face in implementing CRM .....</b>	<b>16</b>
<b>2.1.5 Customer Loyalty.....</b>	<b>17</b>
<b>2.1.6 Effects of CRM on Customer Loyalty .....</b>	<b>19</b>
<b>2.1.7 Dimensions of customer relationship marketing.....</b>	<b>19</b>
<b>2.2 Empirical review .....</b>	<b>22</b>
<b>2.3 Conceptual Framework .....</b>	<b>25</b>

## **CHAPTER THREE**

<b>RESEARCH METHODOLOGY .....</b>	<b>28</b>
<b>3.1 Research Approach .....</b>	<b>28</b>
<b>3.2 Research Design .....</b>	<b>28</b>
<b>3.3 Sampling Design .....</b>	<b>29</b>
<b>3.3.1 Target Population.....</b>	<b>29</b>
<b>3.3.2 Sampling Technique .....</b>	<b>29</b>
<b>3.3.3 Sample size and sampling technique .....</b>	<b>30</b>
<b>3.3.3.1 Sampling procedure .....</b>	<b>31</b>
<b>3.4 Sources of Data.....</b>	<b>31</b>
<b>3.4.1 Primary Source.....</b>	<b>31</b>
<b>3.4.2 Secondary Source.....</b>	<b>32</b>
<b>3.5 Methods of Data Collection.....</b>	<b>32</b>
<b>3.5.1. Data Collection Instrument.....</b>	<b>32</b>
<b>3.6. Data Analysis Methods .....</b>	<b>32</b>
<b>3.7 Validity and reliability.....</b>	<b>33</b>
<b>3.7.1 Validity .....</b>	<b>33</b>
<b>3.7.2 Reliability.....</b>	<b>34</b>
<b>3.8 Ethical Consideration .....</b>	<b>34</b>

## **CHAPTER FOUR**

<b>DATA PRESENTATION, ANALYSIS AND DISCUSSION.....</b>	<b>35</b>
<b>4.1 Overview .....</b>	<b>35</b>
<b>4.2. Response Rate.....</b>	<b>35</b>
<b>4.3 Reliability of the data .....</b>	<b>36</b>
<b>4.4 Normality Test.....</b>	<b>36</b>
<b>4.5 The Kaiser-Meyer-Olkin and Bartlett's test of Sphericity.....</b>	<b>38</b>

<b>4.6 Demographic characteristics of respondents.....</b>	<b>39</b>
<b>4.7 Descriptive Statistics.....</b>	<b>45</b>
<b>4.8 Assessment of correlations.....</b>	<b>46</b>
<b>4.9 Regression Analysis .....</b>	<b>47</b>
<b>4.9.1 Assumptions of Regression Analysis.....</b>	<b>47</b>
<b>4.9.2 Sufficient Number of Observation.....</b>	<b>47</b>
<b>4.9.3 Testing Multicollinearity .....</b>	<b>47</b>
<b>4.9.4 Checking for Linearity .....</b>	<b>48</b>
<b>4.9.5 CRM components and Customer Loyalty .....</b>	<b>49</b>
<b>4.10 Hypothesis Testing.....</b>	<b>51</b>
<b>4.10.1 Summary of Hypothesis testing .....</b>	<b>52</b>
<b>4.11 Independent sample T-test.....</b>	<b>53</b>
<b>4.12 Results Discussion.....</b>	<b>56</b>
<b>CHAPTER FIVE</b>	
<b>SUMMARY MAJOR FINDINGS, CONCLUSION AND RECOMMENDATION .....</b>	<b>60</b>
<b>5.1 Summary of Major Findings .....</b>	<b>60</b>
<b>5.2 Conclusion .....</b>	<b>62</b>
<b>5.3. Recommendations .....</b>	<b>63</b>
<b>5.4 Future Research .....</b>	<b>65</b>
<b>REFERENCES.....</b>	<b>66</b>

# **CHAPTER ONE**

## **INTRODUCTION**

This chapter starts with background of the study and the discussion of the problem. Further research questions, objectives, scope and are defined. It ends by presenting the outline of the thesis.

### **1.1 Background of the Study**

Understanding how to effectively manage customer relationships has become a very important topic to both academicians and practitioners in recent years. Also, organizations are realizing that customers have different economic value to the company and are subsequently adapting their customer offerings and strategies accordingly (Roya and Salmiah, 2010). Businesses follow different marketing strategies to survive in this highly competitive world by identifying, acquiring and retaining most economically important customers and developing ongoing and long-lasting relationship with them (Roger, 2005).

It is apparent that managing customer relationships, coupled with building the value of the customer base, is no longer a business management term based on the latest consultant speak but rather a fruitful avenue of business composition that has been rendered necessary by permanent innovations in the technological landscape (Roya and Salmiah, 2010). Successful customer relationship marketing focuses on understanding the needs and desires of the customers and is achieved by placing these needs at the heart of the business by integrating them with the organization's strategy, people, technology and business processes (Fox, Stead, 2001).

Entirely, Customer Relationship Marketing (CRM) is a philosophy which has recently become one of the most debatable issues in the business field. It is value stating that customer relationship marketing is mostly based on the belief that establishing a sustainable relationship with customer is the basis for obtaining loyal customers who are

much more profitable than non- loyal. In this concern, the successful implementation of CRM philosophy were of great benefit to the organizations, adopting it, such organizations can secure the benefit of increasing sales through better market segregation, modifying products and services, attaining higher quality products, gaining access to information and employee satisfaction, and above all, warranting ongoing customer-retention and loyalty (Verma andChandhuri,2009).

Banks are fighting with each other to achieve a great slice of the market share with a globalization effect. For that reason, the banks have to look difficulties to meet the high growth of customer expectations (Hinnawi, 2011). Recently, more than ever before, strong competition, fragmentation of markets, short life cycles of products and increasing customer awareness and complexity are the big challenges to the banking sector (Tsegay, 2011). In such situation, banks like Commercial Bank of Ethiopia, Awash International Bank and Dashen Bank can use the CRM strategy to create, maintain, and enhance strong relationships with their customers to secure their customer loyalty.

Therefore, it is important to empirically investigate the actual effect of CRM on customer loyalty. Such understanding will assist in better management of bank-customer relationship and in achieving higher level of market performance among competition (Ndubisi, 2006). Hence this study aims to empirically investigate the effect of customer relationship marketing on customer loyalty considering Commercial Bank of Ethiopia, Awash International Bank, and Dashen Bank.

### **Commercial Bank of Ethiopia (CBE)**

The history of the Commercial Bank of Ethiopia (CBE) dates back to the establishment of the State Bank of Ethiopia in 1942.CBE was legally established as a share company in 1963. In 1974, CBE merged with the privately owned Addis Ababa Bank. Since then, it has been playing significant roles in the development of the country. Pioneer to introduce modern banking to the country. It has more than 1100 branches stretched across the

country. The leading African bank with assets of 359.3 billion Birr as on March 31<sup>th</sup>2016.It plays a catalytic role in the economic progress & development of the country. The first bank in Ethiopia to introduce ATM service for local users Currently CBE has more than 12.4 million account holders and the number of Mobile and Internet Banking users also reached more than 600,000 as of March 31<sup>th</sup> 2016. Active ATM card holders reached more than 1.1 million. It has strong correspondent relationship with more than 50 renowned foreign banks like Commerz Bank A.G, Royal Bank of Canada, City Bank, HSBC Bank. CBE has a SWIFT bilateral arrangement with more than 700 others banks across the world. CBE combines a wide capital base with more than 25,000 talented and committed employees. Pioneer to introduce Western Union Money Transfer Services in Ethiopia early 1990s and currently working with other 20 money transfer agents like Money Gram, Atlantic International (Bole), Xpress Money, CBE has opened four branches in South Sudan and has been in the business since June 2009.CBE has reliable and long-standing relationships with many internationally acclaimed banks throughout the world. (CBE, 2016)

### **Awash international Bank (AIB)**

Awash international Bank (AIB) was established as the first private commercial bank (post 1991) on November 10, 1994 by 486 founder shareholders with a paid up capital of Birr 24.2 million and started banking operations on February 13, 1995. The organization structure of the Bank is attached as an annex to this document.

Awash International Bank S.C. (AIB) is one of the biggest private commercial banks in Ethiopia in terms of capital. The Bank provides a wide range of financial services including: (Awash International bank (2009)).

1. Mobilize all types of deposits (savings, demand and time) and pay interest on interest bearing accounts
2. Provide loans and advances to its customers, including long term investment/project financing,
3. Provide domestic and international monetary transfer service,

4. Provide international banking services such as imports and export operations;
5. Handle foreign currency transactions, namely-buying and selling travelers' cheques, buying and selling foreign currency notes;
6. Maintain and operate non-resident birr and foreign currency accounts service;
7. Provide deposit services in foreign currency for Ethiopian Nationals and foreign Nationals of Ethiopian origin,
8. Handle money transfers sent through Money Gram International Money Transfer Service And International Business Group.
9. Provide advice on banking, finance, and investment to its customers.  
(Awash International bank (2009).

## **Dashen bank**

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

Currently, Dashen Bank Share Company provides various banking services. Among the given services, the bank accepts deposits, which include current accounts, savings accounts, and youth schemes while its loan portfolio comprises agriculture, manufacturing, import/export, trade and services, building and construction, transport loans, overdraft for working capital, term loans for short and project finance, letters of credit facility, advance on import bills, revolving overdraft for export bills, merchandise loans, trade bills discounted, and export credit guarantee schemes, as well as letters of guarantee comprising advance, performance bond, bid bond. In addition, the bank offers local money transfer and wire transfer facilities, which include mail transfers, telegraphic or telephone transfers, local drafts, and cashier payment orders (Dashen bank, [www.dashenbank.com](http://www.dashenbank.com) (2016).

## **1.2 Statement of the Problem**

Today's customers are becoming more price conscious, more demanding of great service, and are being approached by many more competitors with equal or even better offers at cheaper prices. The challenge therefore, is not to provide satisfied customers; but to produce delighted and loyal customers (Kotler & Armstrong, 2010).

According to Parvatiyar and Sheth (2002), the implementation of CRM as a tool of competitive advantage is increasing worldwide. However, there is no doubt that the real implementation and resourceful practice of CRM is important to the successes of a firm. They stated that the majority of the firms applying CRM were so far to well benefit of it in terms of increasing profitability, expanding market share, enhancing sales volume, satisfying customers, retaining customers and reducing customer defection by attracting potential customers, because there are no ground guidelines and procedures on adoption; implementation and practices.

Marketing philosophy advocates the concept of CRM that creates customer delight. This relationship exists between the customers and the bank. However, because of various reasons and apprehensions like financial burdens, risk of failure and marketing inertia, many banks are still following the traditional ways of marketing and only few banks are making attempts to adapt customer relationship management (Durkin, O'Donnell and Crowe, 2008).

In Ethiopia, starting from the past two decades it is shown that there is a high growth and expansion of the banking industry. Banking industry play a key role in country's overall economy and customers are key participants in this industry. As far as the researcher observation is concerned, most of the time banks failed to meet customer needs and requirements.

Nowadays there is high competition among banks in the industry to attract new customers and retaining the existing ones. Competition of this industry has been started after developing private banks. Acquiring competitive advantage requires delivering improved services for customers. In Ethiopia, especially in Addis Ababa city, Commercial Bank of Ethiopia, Awash International Bank and Dashen Bank are highly penetrated to the market through the opening of branches in several places of the city. Now, those banks face high competition from the other service giving sectors such as high competitiveness; high level preliminary expensive customers switching to other banks. The banks are unable to balance customer relationship management and customer loyalty. This is due to in Ethiopia almost the past two decades has shown that there were high expansions of banking industry throughout the country.

Thus, there is high competition among banks in attracting the customers of one another and difficulties in retaining the lost customers one from the other. Mainly problems in handling customers, lack of advanced banking technologies, and less emphasis to customer relationship marketing in relation to customer loyalty in adding wealth to the shareholders of the selected three banks will be assessed. This problem motivates the researcher to undertake the selected banks for the study to address the observed problems in relation with their marketing performance and to solve relationship among their customers to be loyal for lifetime.

Within the rapid expanding literature of customer relationship marketing, there is relatively little attention paid to the value of the organization can get from such business strategies. Neglect in customer relationships has lead to a lot of organization having a reducing figure in the count of customers in their customer data base.

Therefore, to overcome the above problems a study on the effect of CRM on customer loyalty with regard to CBE, Awash International Bank and Dashen Bank in an emerging market like Addis Ababa city can be a fruitful empirical work.

Even though many studies were discussed in other problem areas of the banking industry, there are very few studies conducted on this issue in our country especially in the selected

banking industries. This gap initiates the researcher to involve in this problem area. Therefore, to fill this gap and point out possible solutions, this study undertakes to examine the effect of customer relationship marketing on customer loyalty in the case of commercial banks in Ethiopia.

This study was conducted to analyze the effect of customer relationship marketing on customer loyalty by taking five explanatory variables representing trust, reciprocity, empathy, bonding, and responsiveness and dependent variables represented by customer loyalty.

### **1.3 Research Question**

The main question of this study is how does customer relationship marketing influence customer loyalty in the commercial banking sector of Ethiopia?

#### **Sub Question of the study:**

The rationale behind this study revolves around the following basic questions:

1. To what extent trust influence on customer loyalty in the banking industry of Ethiopia?
2. How does reciprocity influence customer loyalty in the banking industry of Ethiopia?
3. To what extent empathy influence on customer loyalty in the banking industry of Ethiopia?
4. How does bonding influence customer loyalty in the banking industry of Ethiopia?
5. To what extent responsiveness influence on customer loyalty in the banking industry of Ethiopia?

### **1.4 Aims and Objectives**

The general objective of this study is to examine the effect of customer relationship marketing on customer loyalty in the commercial banking sector of Ethiopia.

## **Specific objective of the study**

The study has the following specific objectives:

- ✚ To examine whether trust has an effect on customer loyalty in the banking industry of Ethiopia.
- ✚ To identify the effect of reciprocity on customer loyalty in the banking industry of Ethiopia.
- ✚ To find out the effect of empathy on customer loyalty in the banking industry of Ethiopia.
- ✚ To indicate the effect of bonding on customer loyalty in the banking industry of Ethiopia.
- ✚ To examine if responsiveness has an effect on customer loyalty in the banking industry of Ethiopia.

## **1.5 Scope of the study**

The study was limited to assessing the effect of customer relationship marketing on customer loyalty in the case of selected banks found in Addis Ababa.

## **Conceptual scope**

Customer relationship marketing is one of the best contemporary marketing strategies for all companies to satisfy their customer needs and wants and attracting, developing, and retaining customers in their loyalty program. This study was conducted to analyze the effect of customer relationship marketing on customer loyalty in the banking industry. CRM practices are measured under different dimensions, for this study, the relevant dimensions that trust, reciprocity, empathy, bonding and responsiveness were examined.

In terms of the constructs showing in the research framework (figure 2.1), only five ways of CRM underpinnings (Trust, Reciprocity, Empathy, Bonding and Responsiveness) and

their influence on customer loyalty was examined. Other elements or underpinnings measurements of customer relationship marketing were excluded from this study.

### **Geographical scope**

This study was limited to assessing the effect of customer relationship marketing on customer loyalty of banks regarding to Commercial Bank of Ethiopia, Awash international Bank and Dashen bank in Addis Ababa City. Due to time and financial constraints in taking large sample size, it was difficult and unmanageable to include all banks and branches found in the country. Thus, the target groups of the population were taken from customers of the selected banks found in Addis Ababa. Of these customers, the sample size was determined by using formula from published article that is relevant to this study.

### **Methodological scope**

This study was used only quantitative approach in course of researching both primary and secondary data. With regard to the secondary sources various publications, books and journals ‘regarding the subject matter was addressed and population of the study includes customers of Commercial Bank of Ethiopia, Awash International Bank and Dashen Bank found in Addis Ababa and to achieve the objective of the study well design structured questionnaire was distributed among the study respondents selected on systematic sampling basis.

### **1.7 Significance of the Study**

This study provides desirable information about the effect of customer relationship marketing on customer loyalty with regards to banking industry of Ethiopia. Other significances of the study are;

- ✓ The result of this study will give insight for decision makers of banks on how to attract retain and manage their customers.

- ✓ The study will help banks to know the perception of their customers related to their service.
- ✓ The finding of the study will also help in identifying possible gaps of relationship management practice of banks and its contribution on customer loyalty.
- ✓ This study will help banks to identify their customers' need in order to apply well managed customer services.
- ✓ Additionally, it will be used as a reference for other researchers who want to make further investigation in the area.

## **1.8 Limitation of the study**

The study was limited to surveying and documentary analysis of only the selected banks such as Commercial Bank of Ethiopia, Awash International Bank & Dashen Bank branch offices located in Addis Ababa town since it is difficult and unmanageable to include all banks due to time and financial constraints, so this limits the generalizability of the findings to other parts of service industry.

## **1.9 Definition of Terms**

In order to avoid trouble in understanding the study, essential terms associated with the research are briefly defined as follows:

**Customers:** A customer can be define as one that purchases a commodity or service (Kottler .P. and Keller .K. (2006).

**Customer's Loyalty:** Customer's loyalty is the totality of feelings or attitudes that would incline a customer to consider the re-purchases of a particular product, service or bond or revisit a particular company (Kottler and Keller 2006)

**Customer Relationship marketing (CRM):** is attracting Customer maintaining and enhancing customer relationship in multi-service organizations (Berry 1983).

**Trust:** Trust is defined as a belief or conviction about the other party's intentions within the relationship (Taleghani, 2011).

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

**Empathy:** Velnampy and Sivesan (2012) stated that empathy can be viewed as the ability to share, understand and feel another person's feelings in a relational situation

**Bonding:** As per Taleghani (2011), bonding is defined as the dimension of a business relationship that results in two parties (the customer and the supplier) acting in a unified manner toward a desired goal.

**Responsiveness:** responsiveness is Willingness to help customers and provide prompt service (Ananth, 2010; Khenget. 2010).

## **1.10 Organization of the study**

The paper has five chapters, chapter one includes background of the study, statement of the problem, research questions, objectives of the study, significance of the study, scope of the study, and limitation of the study. Chapter two covers literatures which are relevant on the subject matter under study. Under chapter three, the methodology part of the study is described in detail. The findings of the study are presented, analyzed and discussed in chapter four. Finally, in chapter five summary, conclusions, and recommendations are forwarded based on the study findings.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

This chapter focuses on three main important issues such as, theoretical, empirical and the conceptual framework that guides the study is briefly highlighted.

#### **2.1 Theoretical Literature Review**

##### **2.1.1 Concepts of Customer Relationship Management**

Today's world is the world of quality and competition. The position of present world, regarding service is in a way that any country has a potential to serve, and meet technology indifferent contexts. However, their difference is in the idealization of the delivery of the service to customers. Nowadays, treating customers with respect is the main organizational activity and a necessity to their existence (Dadkhah, 2009). While the management of relation with the customer is a kind of trading strategy which goes far more than that of the amount of the transaction, and its goal is to increase the profitability, income and the pleasure of customer (Buttle, 2005). To fulfill these purposes, the organization uses a wide set of tools, methods, procedures, and communications with the customers (Roland, 2006).

Nowadays, CRM is widely accepted within marketing sales business unit of major firms. In the growing competitive global economy, most firms are trying to focus on delivering better customer value against the competitors. As a strategy to optimize lifetime value of customers, CRM can help firms to succeed in the world of e-business. According to Ata & Toker (2012) firms that have adopted CRM as a corporate strategy are expected to grow at a faster pace than those firms of the same industry who have not adopt CRM.

The review of the extant literature on CRM shows that everyone has different perception from customer relationship management strategies and because of this issue different definitions have been presented for this concept. Some authors consider Customer

Relationship Marketing as a revolted version of relationship marketing and define it as creation, development, and improvement of individual relationships with customers in order to maximize their total life cycle value (Payan and Frow, 2009). Another definition refers to customer relationship management as a technology that is aimed to create and maintain the individual relationships with profitable customers through appropriate use of the information and communication technologies (Seeman and Hara, 2006).

Armstrong and Kotler (2000) point out that relationship marketing is a relationship process for creating, retaining, and enhancing mutual value between enterprises and customers or other stakeholder groups.

On the other hand, customer relationship marketing is a systemic managerial process for creating, maintaining, and developing relationships with customers in every position in order to maximize relationship value (Richards and Jones, 2008). Also customer relationship management refers to the participative and interactive relationship between business and its customers for acquiring a comprehensive view about customers and predicting and satisfying their needs and wants through efficient and effective efforts that are tangible for every customer. Customer relationship marketing has different types that some of them have been indicated in the following.

**Operational customer relationship marketing:** in this system, an employee is asked to undertake all functions of customer relationship marketing from marketing and sale to post-purchase services and customer feedback. Operational customer relationship marketing includes public business section (sale force automation), customer service and support, and enterprise marketing automation (Richards and Jones, 2008).

**Analytical customer relationship marketing:** the collected data from operational customer relationship marketing is analyzed for categorizing the customers and recognizing the up-selling and cross-selling. In the ideal condition, the commercial decisions are screened based on the resulted feedback from past decisions and analysis during time. It is possible to decrease the customer losses through analytical customer relationship management implementation. This can be done through recognizing the

customers may leave the organization and effort to increase their loyalty. As a result, the goals of profitability and costs decrease can be done (Greenberg, 2002).

**Participative customer relationship marketing:** this technique facilitates the interactions between organization and customers through several communication channels (such as telephone, post, internet, e-mail, and face-to-face communications). Also the coordination between team of the employees and communication channels is supported in this model. The participative customer relationship management is a system that integrates the employees, processes, and data so that the organizations can deliver favorable services for their customers. On the other hand, participative customer relationship management results in the efficient and effective interactions with customers through all of the communication channels. Indeed, the use of internet-based cooperation and participation can decrease the customer services costs. Participative customer relationship marketing facilitates the multi-channel interaction between individual customers through services centers integration (Greenberg, 2002).

In this study, customer relationship is defined as a multidimensional construct composed of five behavioral components: trust, reciprocity, empathy, bonding and responsiveness in order to implement the CRM in a successful way for increasing customer loyalty of banks. (Sadek, 2011).

### **2.1.2 Customer Relationship Marketing Objectives in Banking Industry**

In today's competitive world, every country's development is depends on its banking system development in comparison to other industries especially in developed countries. In some countries, this industry is an exclusive public industry. Competition of this industry has been started after developing private banks. These private banks have many differences with global banking level. Acquiring competitive advantage requires delivering improved services for customers. These banks can discover their strengths and weaknesses and then satisfy their needs and wants through exploring the relationship between marketing performance and customer relationship management. There are three

main reasons and motivations that why organizations and especially banks implement customer relationship management systems in their organizations. These include inter-organizational motivations, electronic commerce motivations, and cost-oriented motivations (Kosuge, 2006).

The implementation of customer relationship management results in several changes and revolutions in the organizational structure and improvement in the competitive performance and abilities. The following results can be predicted from implementing customer relationship management systems in every organization. These include increase in the customer satisfaction, customer development management, new business opportunities, customer recognition, categorization of customers into profitable and non-profitable customers, and appropriate business plan development (Bergeron, 2001).

### **2.1.3 Benefits of Customer Relationship Marketing in banking Industry**

According to Liyun(2008,) the emphasis of CRM is to focuses on keeping and maintaining long-term relationship with customers, leading to customer satisfaction and hence creating business performance in the banking industry.CRM if used properly would enhance a bank's ability to achieve the ultimate goal of retaining customers in order to gain a strategic advantage over its competitors (Nguyen, Sherif and Newby, 2007).Thus, the successful management of customer relationship can improve customers' satisfaction and loyalty in order to give positive effect on upgrading business performance (Liyun, Keyi, Xiaoshu and Fangfang, 2008).

Customer relationships are becoming even more important for banks as market conditions get harder. Competition is increasing, margins are eroding, customers are becoming more demanding and the life-cycles of products and services are shortening dramatically. All these forces make it necessary for banks to intensify the relationship with their customers and offer them the services they need via the channels they prefer. Companies that implement CRM make better relationships with their customers, achieve

loyal customers and a substantial payback, increased revenue and reduced cost (Roh, Ahn and Han, 2005).

According to Lovelock (2004), well implemented CRM system can offer a “unified customer interface”, which means that at each transaction the relevant account details, knowledge of customer preferences and past transactions or history of service problem are at the fingertips of the person serving the customer. This can result in a vast service improvement.

The effective implementation of customer relationship marketing results both in higher revenues and lower costs, making companies more effective and efficient, effective in focusing the right customer base with the right services through the right channels, and efficient in doing this at the lowest costs (Lindgreen and Antiooco, 2005).

#### **2.1.4 The major challenges that banks face in implementing CRM**

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

CRM is a sound business strategy to identify the bank’s most profitable customers and prospects, and devotes time and attention to expanding account relationship with those customers through individualized marketing, reprising, discretionary decision making, and customized service through the various sales channels that the bank uses (Das, 2012). Despite many benefits, CRM is exposed to various problems as discussed in the following lines (Chary and Ramesh, 2012).

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

2. It is difficult to collect the right data, especially to capture all the occasions of company interactions with the individual customers.
3. The difficulty of getting everyone in the company to be customer-oriented and to use the available information. Employees find it far easier to carry on with the traditional transaction marketing than to practice CRM.
4. The other problem is that not all customers want a Relationship with the company and they may resent knowing that the company has collected that much personal information about them.
5. Marketers must be concerned about customer attitudes towards privacy and security.

### **2.1.5 Customer Loyalty**

Customer loyalty broadly refers to customer behaviors that indicate a desire to better an ongoing relationship with a company (Palmatier, 2006). The customer's willingness to purchase again from the company, having a preference for the company, or recommending the company to others could be indications to customers' desire to remain in a relationship with a company that demonstrate how much a customer is related to a company. Loyal customers are often worth the marketing effort, owing to their willingness to buy additional products and spread positive word of mouth as well as their reliability as a source of continuous revenues (Zeithaml, Berry, & Parasuraman 1996).

"Loyalty is developed over a period of time from a consistent record of meeting, and sometimes even exceeding customer expectations" (Teich, 1997). Kotler (1999) claims that the cost of attracting a new customer may be five times the cost of keeping a current customer happy.

Customer loyalty is very difficult to be achieved more and more unique ways are adopted to meet the ever changing nature of the service industry. Additionally, time constraints are most often a barrier to customer satisfaction. Every organization in the market

competes to develop advanced methods to keep on track. Technology, for example affects the service industry, since constantly meeting customer satisfaction over a period of time is the only way to achieve customer loyalty (Teich, 1997).

Customer loyalty is defined with consideration paid to the amount of buying for a given trademark. The level of loyalty is measured by the watching of the frequency of buying (Javalgi and Moberg, 1997). With the increase in the amount of accessible information in recent years, the conscious level of customers has improved continually. Today's customers are aware of the power they have on the market and that every activity is realized for them. It is now easier to reach the products and services. Before choosing a given trademark, consumers look at the price, newness, accessibility of the product and the additional services offered. The degree of customer's loyalty is measured as the percentage of loyal customers, the percentage of incomes associated with loyal customers and the rise of loyal customers after the implementation of customer relationship management activities. Commitment to customers and service quality enhance satisfaction which leads to close and successful relationship. These loyalty programs are structural marketing efforts, which reward and therefore encourage loyal behavior (Izquierdo, 2005).

Since the customers' expectations are increasing continually, the organizations are forced to satisfy their needs and wants through delivering products and services and also making them loyal toward organization by creating long-term, reciprocal, and profitable relations with customers (Dick and Bausu, 1994). Commitment refers to the transaction with an especial organization and purchase its products and services continually (Hjalte and Larsoon, 2004). According to Lovelock (2004), the foundation for true loyalty lies in customer satisfaction. Highly satisfied or even delighted customers are more likely to become loyal apostles of a firm, consolidate their buying with one supplier and spread positive word of mouth. In contrast dissatisfaction drives customers away and is a key factor in switching behavior.

### **2.1.6 Effects of CRM on Customer Loyalty**

Loyal customers are considered to be the most important assets of a company and it is thus essential to keep loyal customers who will contribute long-term profit to the organization. In a business context, loyalty is a psychological awareness process or the observable reaction of a consumer, where intentional and factual retention or intensification of the relationship is based on specific reasons (Keaveney, 1995). Loyalty requires a positive attitude of the consumer towards a company and its services; retention, on the other side, can also exist with a negative attitude towards a company (Bruhn, 2009).

Customer loyalty is related to a service provider's ability to maintain its customers 'loyalty and persuade them to recommend its services to potential customers (Zeithaml, Berry and Parasuraman, 1996). Six indicators were used to measure customer loyalty: share information, say positive things, recommends a friend, continue purchasing, purchase additional service and test new service (Brodie, Roberts and Varki, 2003). Customer loyalty can be achieved through a successful CRM implementation. An effective customer relationship marketing is positively related to the loyalty of customers. CRM helps organizations to build long-term relationships with their customer.

### **2.1.7 Dimensions of customer relationship marketing**

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

## **Trust**

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

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

## **Reciprocity**

Reciprocity is the dimension of a business relationship that enables either party to provide favors or make allowances for the other in return for similar favors or allowances to be received at a later date (Chattananon & Trimetsoontorn, 2009). Therefore the rule of reciprocity focuses on a recipient's behavior by the social norm expressed as "if you have received a drop of beneficence from other people, you should return to them a fountain of beneficence" (Wang, 2007).

The links of reciprocity to relationship marketing have been considered as a basis for the interface between exchange transactions and marketing activities. In fact, relationship marketing is characterized by interactions, reciprocities, and long-term commitments|| (Sin et al, 2002).

## **Empathy**

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

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

## **Bonding**

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

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

## **Responsiveness**

Responsiveness is Willingness to help customers and provide prompt service (Ananth,2010; Kheng, 2010). Responsiveness is the willingness to support customers and provide them immediate services right on demands. However, Taiwo(2011) described that responsiveness is the degree to which customers perceive service providers' readiness to assist them promptly. Therefore, showing sincerity and willingness to help customers are some of the key issues in responsiveness. Again what was tested in respect of responsiveness included devoted time to customers and efficient services.

## **2.2 Empirical review**

According to Callaghan, 1995, empirical study indicates that customer relationship management practices can significantly lead to improvement of commercial bank performance in respect to customer attraction, customer satisfaction, and customer retention. The findings in Kenya and Ghana commercial banks also reveal some measures of relationship marketing such as bonding, reciprocity, trust, responsiveness and empathy as a tool to enhance organizational performance of commercial banks.

Mohammad (2011) this research aimed to empirically investigate the impact of relationship marketing underpinnings (namely trust, commitment, communication, conflict handling, bonding, shared values, empathy, and reciprocity) on customer loyalty in the banking industry. A survey was conducted, collecting data through a questionnaire containing 34 items that was completed by 384 randomly selected bank customers and multiple regression analysis was used for data analysis. The results revealed that the all underpinnings of relationship marketing were directly associated with customer loyalty and they had a significant effect on it. Therefore it is reasonable to conclude that customer loyalty can be created, reinforced and retained by marketing plans aimed at building trust, demonstrating commitment to service, communicating with customers in a timely, reliable and proactive fashion, handling conflict efficiently, paying attention to shared values, improving the empathetic and reciprocal abilities of the salespeople, and developing strong bonds between buyers and sellers.

Rootman C. (2010) has conducted a study on relationship marketing and customer retention best lessons from banks in South African Canada and the UK. In the investigations, insight has been given into the relationship marketing and customer retention strategies of banks in South Africa, Canada and the UK and its contribution. More specifically, the article provided insight into the extent to which selected independent variables (relating to banks' activities, actions and methods) influence banks' relationship marketing and customer retention, and into practical strategies that can be learned from successful international banks. As banks are important contributors to any economy, sustained client relationships and stability through maintained clients, or customer retention, are essential for the survival of these institutions. Banks therefore need to familiarize themselves with service delivery activities and methods and should constantly adjust to improve their relationship marketing efforts and customer retention levels. The empirical findings of this study have established that six relationship marketing variables to have a positive influence on the customer retention and loyalty of South African, Canadian and UK banks.

The study revealed that trust, bonding, commitment, responsiveness, empathy and competence are important for South African and other developing banks to partner with Canadian and UK banks and to regularly benchmark themselves against these banks in order to develop as institutions and to discover how to adapt their banking aspects. If banks follow these strategies, their relationship marketing would improve, and relationships with clients would be better maintained. As the study showed, this would also increase banks \_customer retention rates, recruiting potential of new customers, customer loyalty and potential of mobilizing deposit, which is crucial in the competitive banking environment in which these banks operate.

Christiana and Amy (2011) have conducted a study on the practice of relationship marketing and customer retention and its impact on resource mobilization performance in the banking industry in Ghana. The study summarizes the banking sector in Ghana has witnessed significant improvement in relationship marketing. The purpose of the study is to bring deeper understanding and insight into the practice of relationship marketing and customer retention by banks in Ghana. For this study, 12 out of the 27 banks in Ghana

were selected as the sample size. The research explains the role of relationship marketing in customer retention and also demonstrates relationship marketing applied and practiced by the banks in Ghana affects its resource mobilization performance and customer loyalty. A qualitative research approach was chosen and deductive research was conducted based on twelve case studies from both local and international banks. The findings of the study showed that indeed, all the banks have reasons for adopting relationship marketing in customer retention. The most popular reason for believing in the success of relationship marketing is customer retention.

Kuria (2010) has investigated a study on relationship marketing practices among commercial banks in Kenya. The purpose of the study was to establish the nature of relationship marketing practices and to determine the extent to which relationship marketing is practiced among commercial banks in Kenya. This study was a cross-sectional survey undertaken among the commercial banks in Kenya. The population of the study was the 44 commercial banks. A survey of all banks was undertaken. The study found that the banks have applied products oriented Customer Relationship Marketing practices to a great extent. The findings indicate that employee oriented Customer Relationship Marketing strategies are present and enhanced to a great extent. From the findings it emerges that communication oriented CRM strategies have been applied to a moderate extent. The study further found that loyalty oriented CRM activities are not enhanced in the commercial banks in Kenya. The study recommends that the Kenyan commercial banks need to critically reconsider several aspects of the customer relationship marketing strategies especially on the areas of technology adoption and its interaction with CRM.

Kosile and Ajala(2006) this empirical study examines the effects of relationship Marketing process on Bank performance of selected Commercial Banks in Southwestern Nigeria. It examines the management and performance of marketing relationships from the perspectives of bonding, commitment, communication, conflict management, direct marketing, banks' relationship quality and customer's relation benefits in Nigeria context. The research design used was a descriptive design. The data for the study were gathered, through questionnaire from three out of six states in the Southwestern geopolitical zone

of Nigeria. Multistage Random sampling technique was used. High rate of return of 91% was achieved because it was a self-administered questionnaire using drop and collect method. The reliability test of instrument was done using Factor Loading and Cronbach Alpha. Data collected were analyzed using both descriptive and regression analysis statistics. The Statistical Package for Social Scientists (SPSS) 17.0 version was used in data analysis. The finding reveals a positive and significant relationship between relationships marketing and bank performance indicators. The bonding, commitment, communication, conflict management, relationship quality and Relation Benefits were found to be positively and significantly determinants of Bank performance. The findings revealed further that direct marketing are insignificant predictors of bank performance.

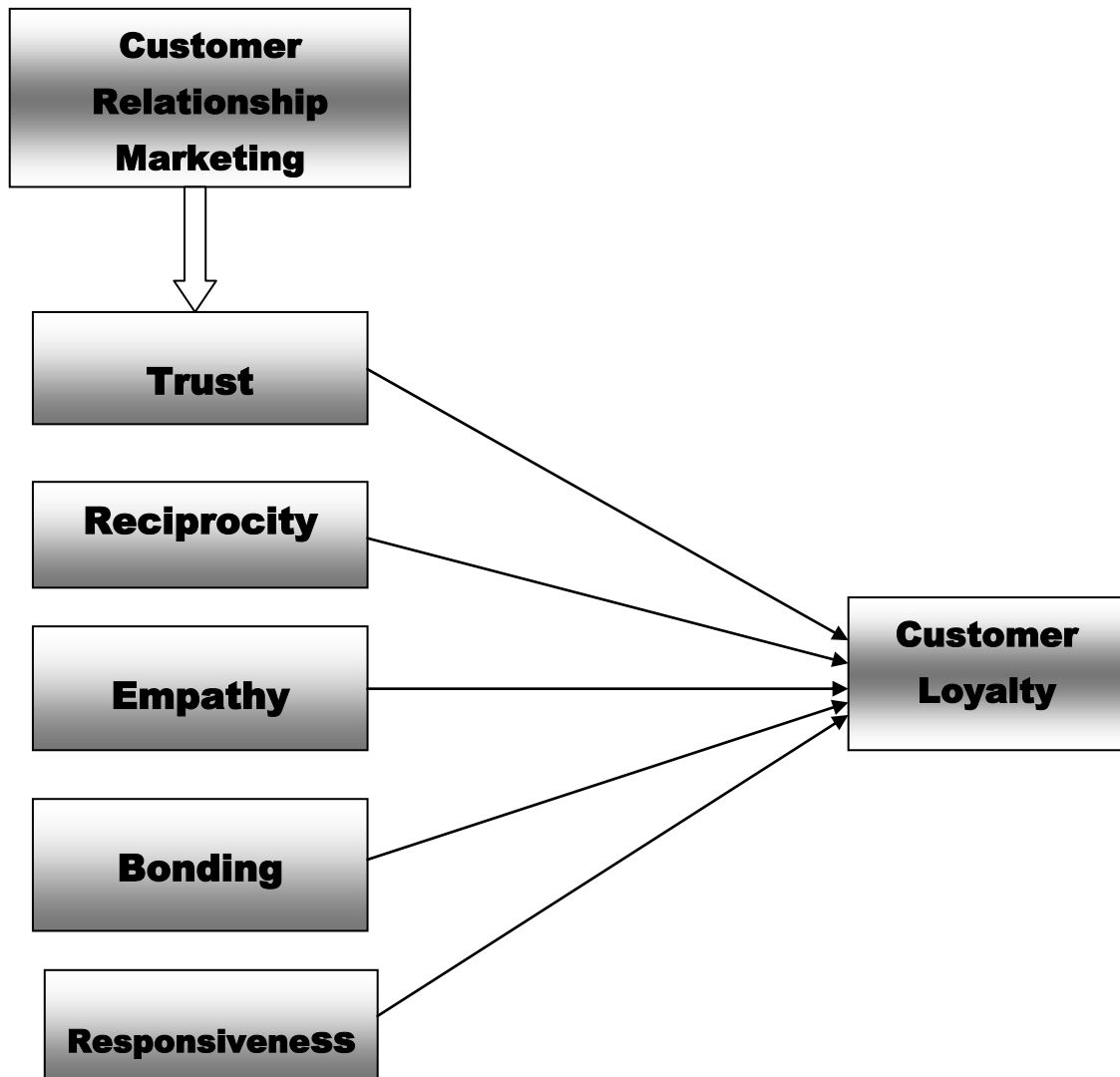
According to Velnampy & Sivesan (2012) have conducted a study on Customer Relationship Management and Customer Satisfaction a study on Mobile Service Providing Companies in Srilanka. The main purpose of the study is examining the relationship between customer relationship management and customer satisfaction. Customer relationship marketing can be measured through following ten variables trust, commitment, empathy and equity. Data were collected through a seven points Likert type summated rating scales of questionnaire. A sample of one hundred and seven customers was surveyed from three mobile service providing companies such as Airtel, Dialog, and Mobitel. Correlation and regression analyzed has been employed to measure relationship and contribution among the dependent and independent variables. The finding reveals a positive and significant relationship between relationships management and customer satisfaction.

### **2.3 Conceptual Framework**

Nwokah (2012) explains that conceptual framework is an abstract representation, connected to the research project's goal that directs the research design. The essence is to clarify concepts and propose relationships among the variables in the study, provide a context for interpreting study findings, explain observations and encourage theory development that is useful for practice. According to Nalzarro (2012), it involves concepts

that are placed within a logical and sequential design which represents a format/ structure and used for studies in which existing theory is inapplicable or insufficient.

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



**Figure 2.1 Conceptual framework**

Source: Callaghan et al. (1995) cited by Kojo

## **Hypothesis**

In order to achieve the purpose of this study the following hypotheses were tested:

**H1:** Trust has positive and significant influence on customer loyalty.

**H2:** Reciprocity has positive and significant influence on customer loyalty.

**H3:** Empathy has positive and significant influence on customer loyalty.

**H4:** Bonding has positive and significant influence on customer loyalty.

**H5:** Responsiveness has positive and significant influence on customer loyalty.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

This chapter of the study deals with the research design and methodology of the study. It includes the research design, target population, sampling designs & techniques, source of data, data collection methods, and methods of data analysis.

#### **3.1 Research Approach**

The study was undertaken based on quantitative research approach which involves the generation of data in quantitative form which can be subjected to rigorous quantitative analysis in a formal and rigid fashion (Kotari, 2004). Inferential approach, one of sub categories of quantitative approach, was adopted by the researcher. The purpose of inferential approach to research is to form a data base from which to infer characteristics or relationships of population. This usually means survey research where a sample of population is studied to determine its characteristics, and it is then inferred that the population has the same characteristics (Kotari, 2004). Because of this reason the researcher choose quantitative research approach.

#### **3.2 Research Design**

According to Zikmund (2003), research design is a blue print for selecting the sources and types of data relevant to the research questions and provides the basic direction for carrying out a research project to obtain answers to research questions.

The researcher was used an explanatory research design while conducting the study. The researcher tried to explain the effect of CRM dimension such as; trust, reciprocity, empathy, bonding and responsiveness with customer loyalty by using multiple regression analysis. Though, the research design is explanatory type, descriptive statistics was used to describe the current reality of banking sector related to the research variables.

### **3.3 Sampling Design**

According to Leary (2004,) defines sampling as, “the process by which a researcher selects a sample of participants for a study from the population of interest”.

#### **3.3.1 Target Population**

Population is an identifiable total set of elements of interest being investigated by a researcher (Zikmund, 2003). This study was conducted on customers of commercial banks found in Addis Ababa. There are eighteen commercial banks in Ethiopia including the two government banks, from these banks; three banks were selected in order to conduct the study. The selection of those banks was one from the state bank and two from the oldest private Banks. Since the establishment of private banks in Ethiopia is not more than twenty years ago, Banks with less than twenty years of establishment has excluded from the study since they have less number of customers and branch expansion, this makes difficult to get the required number of respondents in a shorter period of time. Therefore, among all the banks the researcher was select three commercial banks based on their existence on the market more than twenty years. Therefore, the sample covered Commercial Bank of Ethiopia, Awash International Bank and Dashen Bank.

#### **3.3.2 Sampling Technique**

After selecting those banks the researcher used multi-stage sampling technique in order to divide the population. According to Kotari, (2004) under multi-stage sampling the first stage may be to select large primary sampling units such as states, then districts, then towns and finally certain families within towns. Based on this, the researcher used the classification of Addis Ababa city in to North, South, East, and West Addis Ababa districts. For each district randomly two branches was selected as a sample for each bank. Due to this from North; banks from Arat kilo area, from south; banks from TemenjaYaj area, from East; banks from Megenagna area, and from West; banks form Abakoran area were taken as a sample branch from each districts. To select a specific customer the researcher used a systematic sampling technique. Through this technique customers was

selected based on fixed time interval of appearing in the bank which is 5 minutes interval. A customer which comes to the bank every 5 minutes was given a questionnaire.

### 3.3.3 Sample size and sampling technique

Since an account does not represent the number of bank customers with a depository account holders because one customer could have more than one account, the researcher was taken a sample based on infinite number of population. An optimum sample is one which fulfills the requirements of efficiency, representativeness, reliability and flexibility. While deciding the size of sample, the researcher must determine the desired precision as also an acceptable confidence level for the estimate (Kotari, 2004).

According to Kotari (2004) on a sample size when estimating a percentage or proportion the precision and the confidence level shall have to be specified and then work out the sample size. The following formula gives the size of the sample in case of infinite population when we are to estimate the proportion in the universe.

$$n = (Z^2 * p * q) / e^2$$

Where n the total number of sample required

Z=the critical table value of the confidence level (z=1.96)

p=the population variability (p=0.3)

q=the probability of the population not to be occurred (q=1-p=0.7)

e =the maximum allowed error i.e. (e =0.05)

Therefore, the researcher was taken the maximum allowed error as 5% at a confidence interval level of 95% and the moderate population variability interval is 0.3(p=0.3) because this allows the researcher a largest sample size and the minimum error(q=0.7).

$$n = (1.962 * .3 * .7) / 0.052 \text{ which is approximated } 322$$

So, the researcher distributed 322 questionnaires to have a better sample size.

### 3.3.3.1 Sampling procedure

Based on the data obtained from National Bank of Ethiopia which shows number of branch each banks have in Addis Ababa city, the researcher tried to give a quota for banks based on their branch share related to the total banks selected for the study. So, the total sample of 322 each bank has a quota based on their branch share which is described in the table below.

**Table 3.1 Sample Quota**

S. No	Name of Bank	Year of Establishment	No. of Branches in A.A.	Share of Branches (%)	Sample Size	Sample Quota
1	Commercial Bank of Ethiopia	1963	383	62.89	322	189
2	Awash International Bank	1994	118	19.38	322	69
3	Dashen Bank	1995	108	17.73	322	64
<b>Total</b>			609	100	322	322

Source: NBE

## 3.4 Sources of Data

It is important to be able to distinguish between different kinds of data because their nature has important implications for their reliability and for the sort of analysis to which they can be subjected (Walliman, 2006). The study used both primary and secondary data sources for collecting data.

### 3.4.1 Primary Source

Data that have been observed, experienced or recorded close to the event are the nearest one can get to the truth, and are called primary data. There are many ways of collecting and recording primary data (Walliman, 2006). Among them the researcher used questionnaire for the purposed of collecting primary data.

### **3.4.2 Secondary Source**

Secondary data means data that are already available i.e., they refer to the data which have already been collected and analyzed by someone else. When the researcher utilizes secondary data, then he has to look into various sources from where he can obtain them. In this case he is certainly not confronted with the problems that are usually associated with the collection of original data (Kotari, 2004). Accordingly the researcher of this study used books, articles, and National Bank of Ethiopia report in order to obtain the required secondary data for the study.

### **3.5 Methods of Data Collection**

The researcher with the collaboration of friends distributed questionnaires to the selected bank customers physically in order to collect data for the studied.

#### **3.5.1. Data Collection Instrument**

The research data was a primary data collected from the selected customers of commercial banks found in Addis Ababa. In order to gather primary data, structured questionnaire was used as a tool of data collection process of the study. The study used five-point Likert scale questionnaire, which is a standard questionnaires prepared by Swaminathan (2004), in order to measure customer relationship marketing dimensions by modifying related to the study. The researcher used questionnaire because this method of data collection is quite popular particularly in case of big enquiries. In this method a questionnaire was sent to the persons concerned with a request to answer the questions and return the questionnaire.

### **3.6. Data Analysis Methods**

The data collected from respondents through a questionnaire was analyzed through descriptive and inferential statistics. The descriptive statistical analysis describes respondents' background as well as factors that affect customers' loyalty in the banking

industry. Analysis of data in this research was done by using descriptive statistical methods like: frequency, mean, standard deviation and inferential statistical methods such as: correlation and regression. The regression analysis was conducted to determine by how much percent the independent variable i.e. customer relationship management explains the dependent variable which is customer loyalty. Correlation analysis was conducted to test the proposed hypothesis whether there is a positive significant relationship between the customer relationship management dimensions and customer loyalty.

Besides, t-test also used to examine the extent to which there is a statistically significant difference between; gender group' in terms of customers relationship marketing factors and customer loyalty. To study the relationship of this dependent and independent variables different statistical tools were adopted such as correlation and multiple regression analysis. To do such kinds of analysis the researcher used a computer program called Statistical Package for Social Science (SPSS) version 20 was used, and content validity of the questionnaire is established by reviewing existing literature.

### **3.7 Validity and reliability**

#### **3.7.1 Validity**

Validity is defined as how much any measuring instrument measures what it is intended to measure. Bryman and Bell (2003) also suggested that the important issue of measurement validity relates to whether measures of concepts really measure the concept. Establishing the validity of the scores in a survey helps to identify whether an instrument might be a good one to use in survey research (Creswell, 2009).

Before using the questionnaire for the study it is always advisable to conduct pilot study or pilot survey for testing the questionnaires. In a big enquiry the significance of pilot survey is felt very much. Pilot survey is in fact the replica and rehearsal of the main survey. Such a survey, being conducted by experts, brings to the light the weaknesses (if any) of questionnaires and also of the survey techniques. From the experience gained in

this way, improvement can be effected (Kotari, 2004). In order to keep the validity of the instrument the researcher based previously developed questionnaires with some modifications to comply with the current study as well as conducted a pilot test on the questionnaires that developed for the study. An opinion also asked from bank experts to look the questionnaires from the bank side.

### **3.7.2 Reliability**

Reliability is the degree to which the measure of a construct is consistent or dependable it implies consistency, but not accuracy Bhattacharjee (2012). The level of reliability of the instrument that is the consistency of the variables is checked with the Cronbach's alpha statistics. Cronbach's alpha is an index of reliability associated with the variation accounted for by the true score of the underlying construct (Nunnally, 1978). Cronbach's Alpha's can only be measured for variables which have more than one measurement question. Nunnally (1978) has stated that 0.5 is a sufficient value, while 0.7 is a more reasonable Cronbach's alpha. The result of this test is presented in chapter four.

### **3.8 Ethical Consideration**

The researcher maintained scientific objectivity throughout the study, recognizing the limitations of his competence. Every person involved in the study was entitled to the right of privacy and dignity of treatment, and no personal harm was caused to subjects in the research. Information obtained was held in strict confidentiality by the researcher. All assistance, collaboration of others and sources from which information was drawn is acknowledged.

## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS AND DISCUSSION**

This chapter presents the results and discussions of the responses gathered from the respondents through questionnaire.

#### **4.1 Overview**

This chapter deals with the presentation of data, analysis and interpretation. To collect the data and extract findings, questionnaire was prepared and distributed to customers of the selected banks found in Addis Ababa.

This chapter presents the findings of the research in accordance to the research objectives and hypothesis. The analyses and interpretation of the data collected from the respondents was presented. It began with a description of the demographic and general characteristics of the participating respondents. The results of Cronbach's coefficient alpha for reliability were examined. Then, the results of factor analysis, multicollinearity and correlation analysis for the research variables were discussed. The result of hypothesis test through multiple regression analysis which tries to find out the influence of CRM factors (trust, reciprocity, empathy, bonding, and responsiveness) on customers' loyalty also presented in this chapter. And finally the result of independent t-test conducted is presented. All tables as well as graphs in the analysis was generated from survey data through the SPSS 20 (statistical package for social studies) after being coded.

#### **4.2. Response Rate**

The total number of questionnaires distributed were 322 out of these 274 questionnaires was returned, yielding 85 percent response rate. However, 4 questionnaires were not completed properly as a result the number of questionnaires for data analysis was 270 which represent 83 percent response rate.

### 4.3 Reliability of the data

The reliability statistics show that the scale exhibits a high degree of reliability. Cronbach's Alpha coefficient of 0.70 is a commonly suggested threshold of reliability. Reliability test coefficient can hold a value of 0 to 1 and the result of 0.7 and above implies an acceptable level of internal reliability (Shifera, 2011). The researcher distributed 30 questionnaires as a pilot test and found the following reliability test result.

**Table 4.1 Cronbach's Alpha coefficients (Reliability test for all variables)**

<b>Construct</b>	<b>Cronbach's Alpha</b>	<b>N of Items</b>	<b>Internal Consistency</b>
Trust	.855	6	Good
Reciprocity	.713	4	Good
Empathy	.813	6	Good
Bonding	.831	5	Good
Responsiveness	.739	6	Good
Customer Loyalty	.863	4	Good

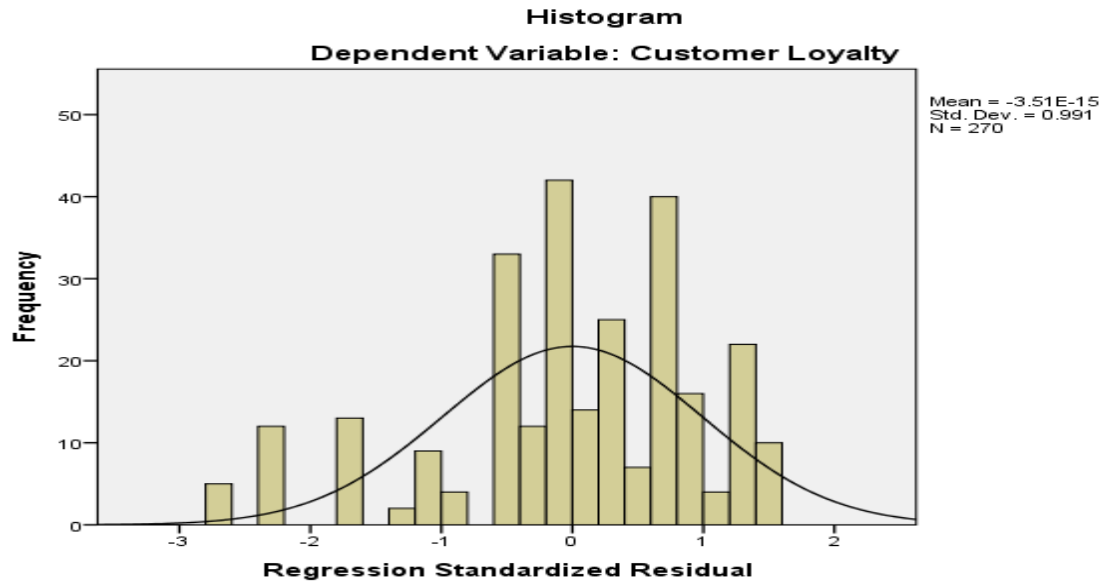
Source: Survey data (2017)

The result in table 4.1 above revealed that, the Cronbach's alpha for all CRM variables is more than 0.7. Therefore, this indicated that the data is reliable and can be used for further analysis.

### 4.4 Normality Test

Normality of distribution can be tested by using histogram with a normal curve. In general the figure below shows that the variables are normally distributed for customer loyalty.

**Figure 4.1 Normal distribution curves for customer loyalty**



Source: Survey data (2017)

If skewness is equal to 0, the data are perfectly symmetrical. But a skewness of exactly zero is quite unlikely for real-world data (Brown, 2011). As George and Mallery (2010) put a generally acceptable range for skewness and kurtosis for further analyses is between the ranges of  $\pm 2.0$ . Others extend the range of kurtosis up to  $\pm 3.0$ . The following table shows the skewness and kurtosis statistics of the distribution.

**Table 4.2 Skewness and kurtosis**

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Trust	270	3.8599	.43804	-.809	.148	-.059	.295
Reciprocity	270	3.7963	.49079	-.686	.148	.418	.295
Empathy	270	3.7488	.44102	-.223	.148	.224	.295
Bonding	270	3.8563	.46604	-.179	.148	-.924	.295
Responsiveness	270	3.8210	.44994	-.274	.148	-.075	.295
Customer Loyalty	270	3.8565	.48634	-.507	.148	-.599	.295
Valid N (listwise)	270						

Source: Survey data (2017)

## 4.5 The Kaiser-Meyer-Olkin and Bartlett's test of Sphericity

The Kaiser-Meyer-Olkin (KMO) statistic is a measure of sampling adequacy (MSA), indicates whether the correlations between variables can be explained by the other variables in the data set. The final decision of whether the data are appropriate for principal components analysis should be primarily based on the KMO statistic. All MSA values on the anti-image correlation matrix's diagonal should also lie above the threshold level of 0.50. If this is not the case, it should consider removing this item from the analysis Moo & Sarstedt (2011).

**Table 4.3 Threshold values for KMO and MSA**

<b>KMO/MSA value</b>	<b>Adequacy of correlations</b>
Below 0.50	Unacceptable
0.50-0.59	Miserable
0.60-0.69	Mediocre
0.70-0.79	Middling
0.80-0.89	Meritorious
0.90 and higher	Marvelous

Source: Mooi & Sarstedt (2011)

The Kaiser-Meyer-Olkin and Bartlett's test of Sphericity are used to determine whether factor analysis can be carried out. However, a small KMO value indicates that factor analysis may not be a good option (Mohammad, *n.d*). According to him a KMO value of more than 0.5 is required in order to be suitable for factor analysis and the Bartlett's Test of Sphericity is highly significant( $P=0.00$ ), supporting the factorability of the correlation matrix.

**Table 4.4 Kaiser-Meyer-Olkin and Bartlett's test**

**KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.774
Bartlett's Test of Sphericity	Approx. Chi-Square	2050.768
	Df	15
	Sig.	.000

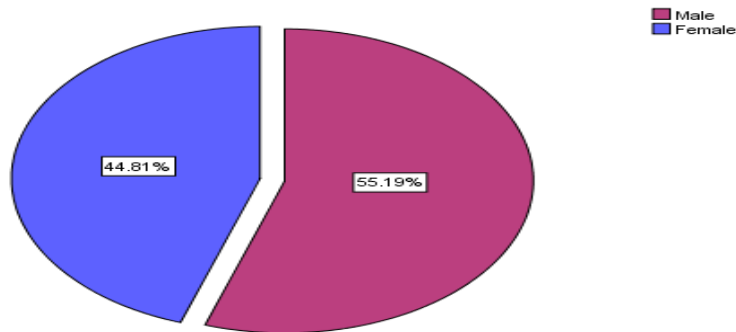
Source: Survey data (2017)

The result of KMO and Bartlett's Test of Sphericity as depicted in table 4.8 above shows that the computed KMO measures value of 0.77 and significant ( $p < 0.005$ ). Thus, the sample data is suitable for further analysis.

#### **4.6 Demographic characteristics of respondents**

This aspect of the analysis deals with the basic data on the respondents of the questionnaires sent to them. Demographic profile of the respondents is shown in Figures 4.3 to 4.5. The basic data comprise of the respondents sex, age, educational background, the number of years spent with the bank and their frequent usage of the bank service. Table 4.1 also summarized the demographic variable of the respondents.

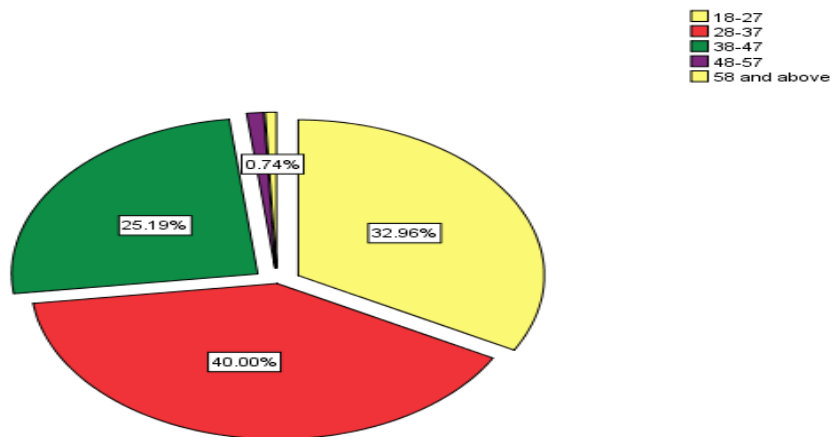
**Figure 4.2 Gender Profile**



Source: Survey Data (2017)

The above figure shows that the respondents are comprised of 55.19% males and 44.81% females. This shows difference between the respondents' gender i.e. male customers are more than of female customers.

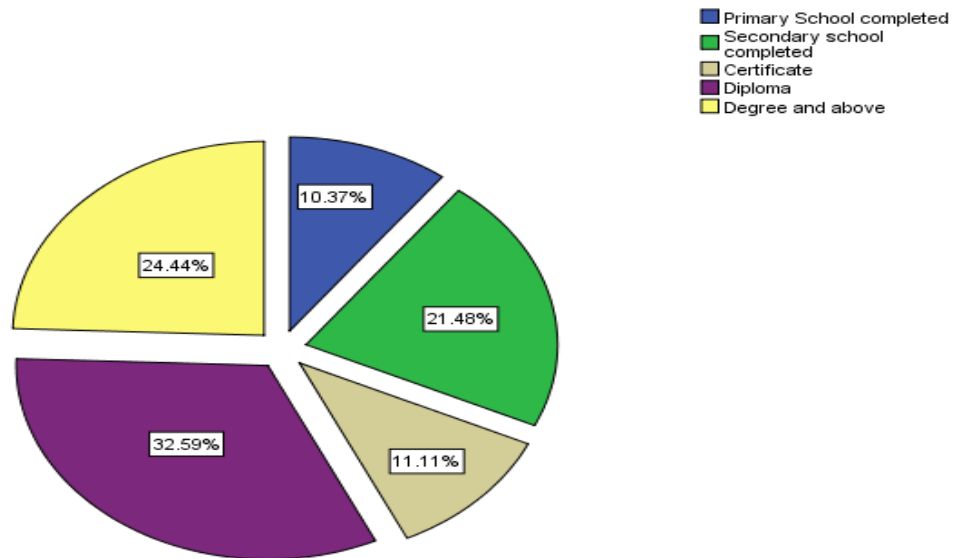
**Figure 4.3 Age Group**



Source: Survey Data (2017)

The above figure shows that majority of bank users were found to be between the age group 28-37 (40.00%). Respondents with age group between 18 up to 27 and 38 up to 47 years account for 32.96% and 25.19%, respectively. The rest 0.74% are respondents in the age group between 48 up to 57 and greater than 58 years respectively.

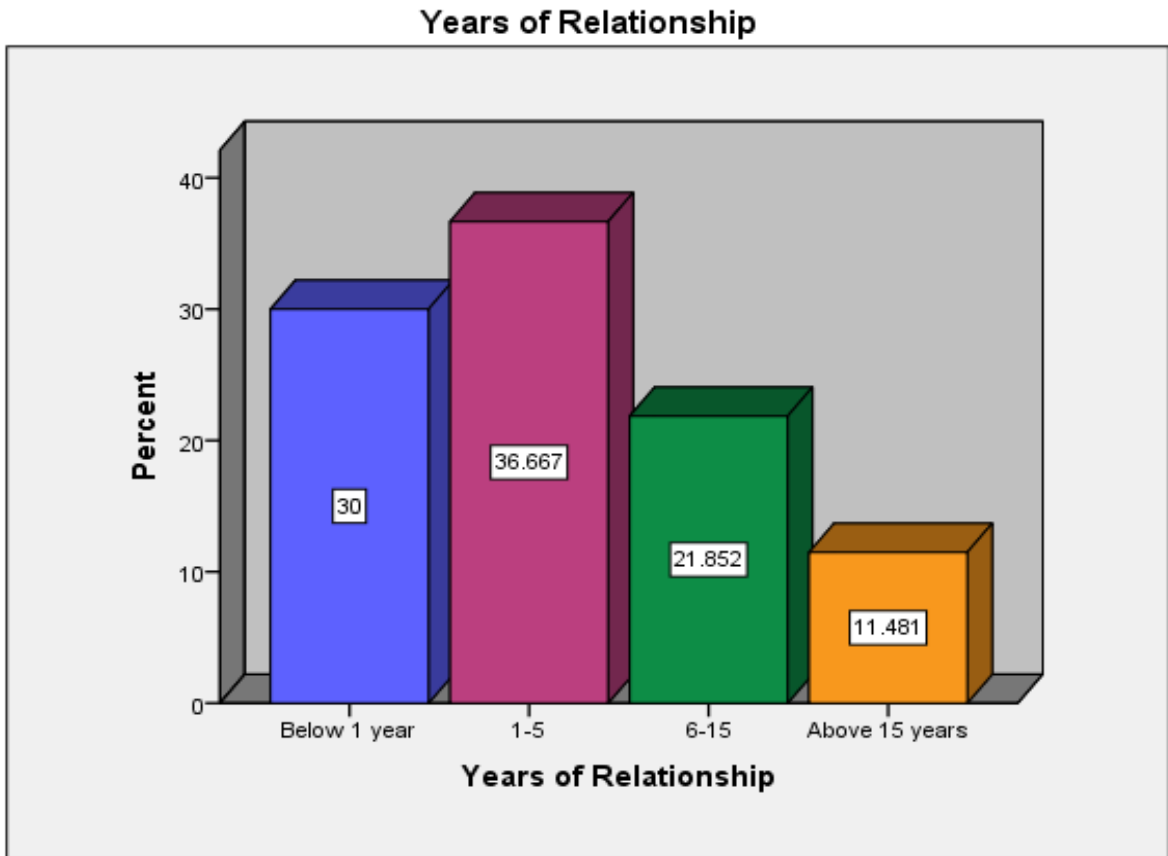
**Figure 4.4 Academic Qualifications**



Source: Survey Data (2017)

Figure 4.4 shows that the education level of sampled customers, most of them has had a university education or more, these fractions of the customers were 68.14% which is more than half of the sampled customers..

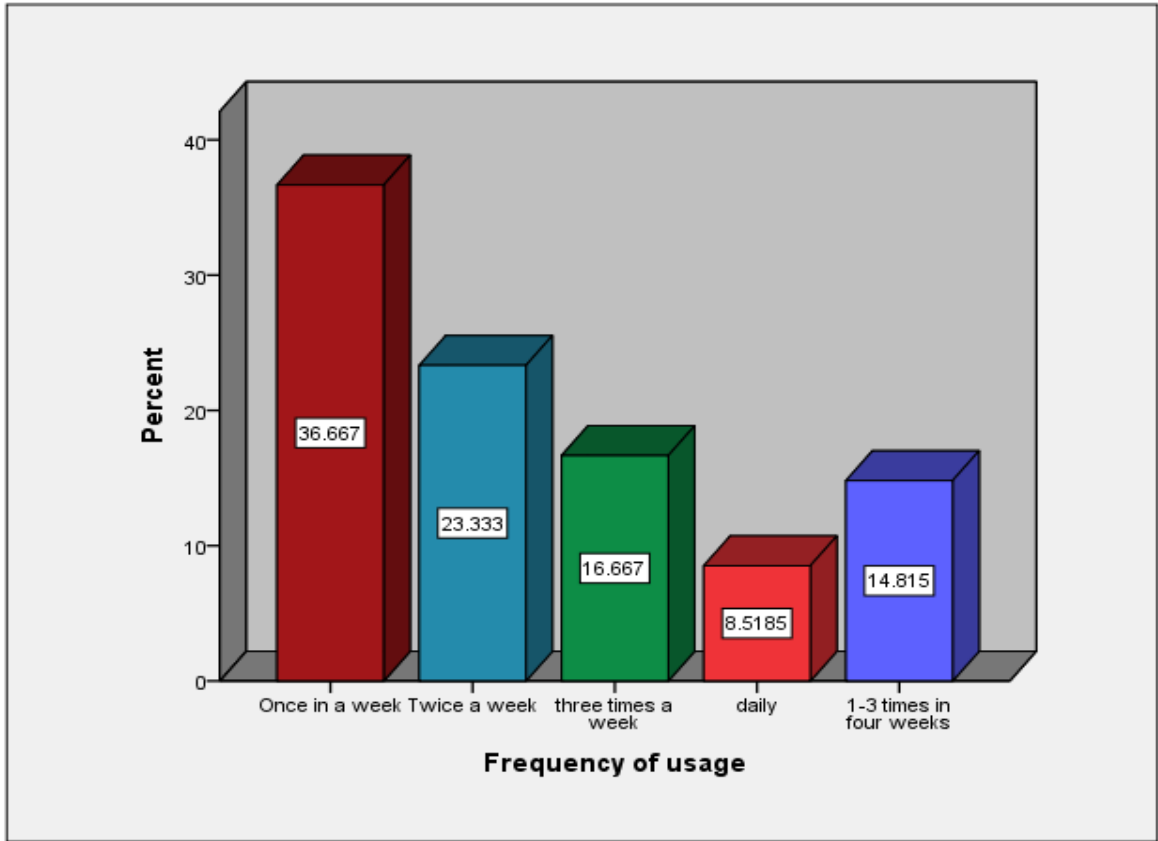
**Figure 4.5 Years of Relationship**



Source: Survey Data (2017)

With regard to length of relationship with their bank, figure 4.4 shows that 30% of respondents have less than 1 years of relationship, 36.67% have between 1 to 5 years of banking relationships, 21.85% have between 6 to 15 years banking relationships, and the rest 11.48% of them are remain credible to banks for more than 15 years. The table also shows us that 66.67% of the respondents have less than five years banking experience.

**Figure 4.6 Frequency of usage**



Source: Survey Data (2017)

Figure 4.6 show that, 36.67% of respondents have once in a week bank usage, 23.33% have twice a bank usage. The rest 16.67%, 8.51% and 14.81% of the respondents are three times a week, daily, and 1-3 times in 4 weeks bank usage, respectively.

**Table 4.5 Summary of Demographic variables of the respondents**

		Frequency	Percent	Valid Percent	Cumulative Percent
<b>Gender</b>					
Valid	<b>Male</b>	149	55.2	55.2	55.2
	<b>Female</b>	121	44.8	44.8	100.0
	<b>Total</b>	270	100.0	100.0	
<b>Age</b>					
Valid	<b>18-27</b>	89	33.0	33.0	33.0
	<b>28-37</b>	108	40.0	40.0	73.0
	<b>38-47</b>	68	25.2	25.2	98.1
	<b>48-57</b>	3	1.1	1.1	99.3
	<b>58 and above</b>	2	.7	.7	100.0
	<b>Total</b>	270	100.0	100.0	
<b>Educational Background</b>					
Valid	<b>Primary School completed</b>	28	10.4	10.4	10.4
	<b>Secondary school completed</b>	58	21.5	21.5	31.9
	<b>Certificate</b>	30	11.1	11.1	43.0
	<b>Diploma</b>	88	32.6	32.6	75.6
	<b>Degree and above</b>	66	24.4	24.4	100.0
	<b>Total</b>	270	100.0	100.0	
<b>Years of Relationship</b>					
Valid	<b>Below 1 year</b>	81	30.0	30.0	30.0
	<b>1-5</b>	99	36.7	36.7	66.7
	<b>6-15</b>	59	21.9	21.9	88.5
	<b>Above 15 years</b>	31	11.5	11.5	100.0
	<b>Total</b>	270	100.0	100.0	
<b>Frequency of usage</b>					
Valid	<b>Once in a week</b>	99	36.7	36.7	36.7
	<b>Twice a week</b>	63	23.3	23.3	60.0
	<b>three times a week</b>	45	16.7	16.7	76.7
	<b>daily</b>	23	8.5	8.5	85.2
	<b>1-3 times in four weeks</b>	40	14.8	14.8	100.0
	<b>Total</b>	270	100.0	100.0	

Source: Survey Data (2017)

## 4.7 Descriptive Statistics

Descriptive statistics concern the development of certain indices from the raw data. These are mean scores, standard deviations and percentage for each subgroup. Interpreting the result of these values will also give us an indication of the impact of the independent variable (Pallant, 2005). The following table shows the mean and standard deviation of variables obtained from 270 respondents.

**Table 4.6 Descriptive Statistics**

Descriptive Statistics			
	N	Mean	Std. Deviation
Trust	270	3.8599	.43804
Reciprocity	270	3.7963	.49079
Empathy	270	3.7488	.44102
Bonding	270	3.8563	.46604
Responsiveness	270	3.8210	.44994
Customer Loyalty	270	3.8565	.48634
Valid N (listwise)	270		

Source: Survey data (2017)

The above table shows that the information the researcher requested for each of the variables. Trust, bonding and customer loyalty have same mean value of 3.85 with a standard deviation of 0.438, 0.466 and 0.486 respectively. Their mean is approximately 4 which indicate an average respondents are agreed they have trust as well as bonding to their bank this leads them loyal to their bank.

Concerning the variable reciprocity and empathy, their mean is 3.796 and 3.821 respectively with standard deviation of 0.491 and 0.449. This indicates that on average respondents agreed on their bank gives them attention and sincerity to solve difficulties.

Responsiveness has a mean of 3.821 with standard deviation of 0.449, for this variable the average respondents agreed on their bank gives them prompt response.

## 4.8 Assessment of correlations

Correlation measures the strength of the linear relationship between two variables. According to Berndt (2005), the level of association as measured by Pearson's coefficient falls between -1.0 and +1.0, which indicates the strength and direction of association between the two variables. The interpretation of the result is as follows; a correlation result between 0 to 1 implies positive relationship, 0 (zero) for no relationship, 1 for perfect positive relationship, -1 for perfect negative relationship and between -1 to 0 indicate the existence of negative relationship.

Though it indicates the existence of a positive or negative relationship, the strength of such a relationship is not high when the results fall below  $\pm 0.61$  (Oogarah-Hanuman, 2011). It is also supported by Berndt (2005), the rules of thumb proposed by Burns & Bush (in van Heerden, 2001) suggests that "moderate" ends at  $\pm 0.60$ , and "strong" starts at  $\pm 0.61$ .

**Table 4.7 Correlation**

		Correlations				
		Trust	Reciprocity	Empathy	Bonding	Responsiveness
Trust	Pearson Correlation	1	.820**	.544**	.897**	.866**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	270	270	270	270	270
Reciprocity	Pearson Correlation	.820**	1	.721**	.885**	.759**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	270	270	270	270	270
Empathy	Pearson Correlation	.722**	.721**	1	.732**	.553**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	270	270	270	270	270
Bonding	Pearson Correlation	.897**	.885**	.598**	1	.907**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	270	270	270	270	270
Responsiveness	Pearson Correlation	.866**	.759**	.453**	.907**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	270	270	270	270	270

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

Source: Survey data (2017)

As clearly shown from the table above, there exists strong (since all the correlation coefficients are greater than the agreed standard, 0.61) and positive relationship between different CRM dimensions (trust, reciprocity, empathy, bonding and responsiveness variables) and it is also found to be significant at 95% confidence interval.

## **4.9 Regression Analysis**

This section of the study presents the results and discussions of the regression analysis. So far, the study established a framework of literature review and data analysis of descriptive Statistics was describes the practice of customer relationship management practice whereas correlation analysis used to investigate customer relationship management and its relationship with customer loyalty at selected banks and to investigate the significant factors of customer relationship management that influence customer loyalty in selected banks found in Addis Ababa, multiple regression model were computed.

### **4.9.1 Assumptions of Regression Analysis**

There are some assumptions that are required to provide valid results in regression analysis.

### **4.9.2 Sufficient Number of Observation**

If you want to test the overall relationships between the independent and dependent variable, there is a rule of thumb that the number of observations is at least  $50 + k$  (where  $k$  are the number of independent variables) (Mooi & Sarstedt, 2011).

### **4.9.3 Testing Multicollinearity**

Multiple regression analysis, the regression coefficients (viz,  $b_1$   $b_2$ ) becomes less reliable in the degree of correlation between the independent variables (viz,  $X_1$ ,  $X_2$ ) increases, if there is a high degree of correlation between independent variables, we have a problem of what is commonly described as the problem of multi co-linearity (Kotari, 2004).

Unfortunately, co-linearity is relatively easy to detect by calculating the tolerance or VIF (Variance Inflation Factor). A tolerance of below 0.10 indicates that (multi) co-linearity is a problem. The VIF is just the reciprocal value of the tolerance. Two major approaches were utilized in order to determine the presence of multi co-linearity among independent variables in this study. These methodologies involved calculation of both a Tolerance test and Variance Inflation Factor –VIF (Kleinbaum, 1988) and Tolerance level is < or equal to 0.1; and all VIF is 1/Tolerance values are well below 10 is acceptable.

**Table 4.8 Collerity Statistics**

**Coefficients<sup>a</sup>**

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Trust	.173	5.794
Reciprocity	.153	6.537
Empathy	.458	2.184
Bonding	.079	9.663
Responsiveness	.147	6.793

a. Dependent Variable: Customer Loyalty

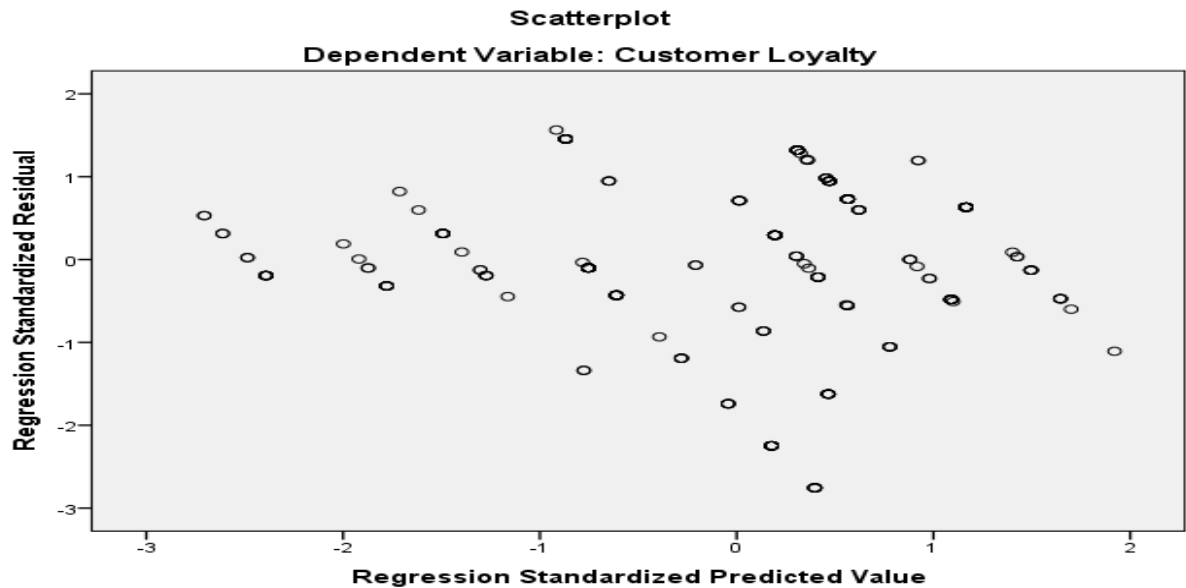
Source: Survey data (2017)

As can be seen from this data, none of the tolerance level is < or equal to 0.1; and all VIF values are well below 10. Thus the measures selected for assessing independent variables in this study, do not reach multicollinearity.

**4.9.4 Checking for Linearity**

The regression model can be expressed in a linear way. Checking the linearity between variables can be done by plotting the independent variables against the dependent variable (Mooi & Sarstedt, 2011). As figure 4.7 shows the relationship of independent variables with the dependent variable is linear.

**Figure 4.7 Scatter plot for customer loyalty**



Source: Survey data (2017)

#### 4.9.5 CRM components and Customer Loyalty

The following tables are excerpted from SPSS in order to perform a regression analysis between independent variables (Trust, Reciprocity, Empathy, bonding and Responsiveness) and dependent variable customer loyalty.

**Table 4.9 variables Entered/Removed for Regression CuL.**

Variables Entered/Removed<sup>a</sup>

Model	Variables Entered	Variables Removed	Method
1	Responsiveness, Empathy, Reciprocity, Trust, Bonding <sup>b</sup>		Enter

a. Dependent Variable: Customer Loyalty

b. All requested variables entered

Source: Survey data (2017)

**Table 4.10 Model summary for CuL**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.919 <sup>a</sup>	.844	.841	.19375

a. Predictors: (Constant), Responsiveness, Empathy, Reciprocity, Trust, Bonding

b. Dependent Variable: Customer Loyalty

Source: Survey data (2017)

The model for this regression was:  $CuL = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + e$  shown the model summary result we can see that independent variable explain the dependent variable with a percentage of 84.4.

**Table 4.11 ANOVA for Customer Loyalty**

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	53.716	5	10.743	286.181	.000 <sup>b</sup>
	Residual	9.910	264	.038		
	Total	63.626	269			

a. Dependent Variable: Customer Loyalty

b. Predictors: (Constant), Responsiveness, Empathy, Reciprocity, Trust, Bonding

Source: Survey data (2017)

The below shows the constant, beta, and significance level of each variable that all variables influence customer loyalty, as the constant B values are known the model is:

$$CuL = -0.443 + 0.11X_1 + 0.332X_2 + 0.458X_3 + 0.062X_4 + 0.121X_5 + 0.05$$

**Table 4.12 Multiple Regression for Customer Loyalty**

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.033	.124		-.265	.791
1 Trust	.645	.065	.481	5.338	.000
Reciprocity	.055	.062	.055	1.888	.376
Empathy	.295	.040	.267	7.447	.000
Bonding	.746	.090	.715	8.269	.000
Responsiveness	.126	.068	.116	1.839	.067

a. Dependent Variable: Customer Loyalty

Source: Survey data (2017)

**4.10 Hypothesis Testing**

In this section the suggested hypothesis was tested and the result is presented. The hypotheses were:

**H1: Trust has a positive and significant influence on customer loyalty**

The output of the regression analysis of trust with customer loyalty shows that trust has a positive significant influence on customer loyalty with sig. level of (0.000). When there is a single unit change in trust, customer loyalty will be affected by 1.645. This beta value is the highest among all variables so we can say that trust is the highest influencer of customer loyalty than the other variables. Due to this result, the first hypothesis is supported.

## **H2: Reciprocity has a positive and significant influence on customer loyalty**

The regression result of reciprocity with customer loyalty shows that insignificant level of influence at 95 percent confidence interval with a sig. value of 0.376. This result shows the rejection of the second hypothesis.

## **H3: Empathy has a positive and significant influence on customer loyalty**

The output of the regression analysis shows Empathy has a significant positive influence on customer loyalty (sig. 0.000). When Empathy is changed by a single unit customer loyalty will be affected by 0.295.

## **H4: Bonding has a positive and significant influence on customer loyalty**

The regression analysis shows that bonding has a positive significant influence on customer loyalty (sig. 0.000) with a beta value of 0.746. When there is a single unit change in bonding, customer loyalty will be affected by 0.746. This result shows the acceptance of the fourth hypothesis.

## **H5: Responsiveness has a positive and significant influence on customer loyalty**

For the last independent variable the regression analysis shows that insignificant level of influence at 95 percent confidence interval with a sig. value of 0.067. Thus the fifth hypothesis rejected.

### **4.10.1 Summary of Hypothesis testing**

The following table shows hypothesis of the study, method used to test proposed hypothesis and its outcome.

**Table 4.13 Summary of hypothesis testing**

<b>No.</b>	<b>Hypothesis</b>	<b>Tool</b>	<b>Result</b>
<b>H1</b>	Trust has a positive and significant influence on customer loyalty.	<b>Regression</b>	<b>Accepted</b>
<b>H2</b>	Reciprocity has a positive and significant influence on customer loyalty	<b>Regression</b>	<b>Rejected</b>
<b>H3</b>	Empathy has a positive and significant influence on customer loyalty	<b>Regression</b>	<b>Accepted</b>
<b>H4</b>	Bonding has a positive and significant influence on customer loyalty	<b>Regression</b>	<b>Accepted</b>
<b>H5</b>	Responsiveness has a positive and significant influence on customer loyalty.	<b>Regression</b>	<b>Rejected</b>

Source: Survey data (2017)

## **4.11 Independent sample T-test**

Independent samples t-test used when we want to compare the mean scores of two different groups of people or conditions Pallant (2005). Here under the researcher tested whether there is a significant difference between; male and female, Age regarding to CRM factors and customer loyalty.

### **4.11.1 Based on Gender**

An independents samples test was conducted to test whether there is a significant difference between males and females customers regarding to CRM factors, customer loyalty. The result shows that for some variables; there is a significant difference in scores for males and females customers at a 95 percent confidence interval. The mean and standard deviation value of reciprocity (sig. 0.000), empathy (sig. 0.031), bonding (sig. 0.002), responsiveness (sig. 0.09) and customer loyalty (sig. 0.000) has significant difference between the groups. For this variables the mean of male customers' is higher that female one. See the tables below.

**Table 4.14 Descriptive Statistics for Gender**

**Group Statistics**

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Trust	Male	149	3.8333	.47655	.03904
	Female	121	3.8926	.38482	.03498
Reciprocity	Male	149	3.9312	.37988	.03112
	Female	121	3.6302	.55818	.05074
Empathy	Male	149	3.8020	.39582	.03243
	Female	121	3.6832	.48467	.04406
Bonding	Male	149	3.9329	.49681	.04070
	Female	121	3.7620	.40769	.03706
Responsiveness	Male	149	3.8814	.53842	.04411
	Female	121	3.7466	.29353	.02668
Customer Loyalty	Male	149	3.6997	.47039	.03854
	Female	121	4.0496	.43496	.03954

Source: Survey data (2017)

**Table 4.15 Independent sample T-test for Gender**

**Independent Samples Test**

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Trust	Equal variances assumed	6.980	.009	-1.105	268	.270	-.05923	.05358	-.16473	.04627
	Equal variances not assumed			-1.130	267.994	.260	-.05923	.05242	-.16244	.04398
Reciprocity	Equal variances assumed	25.117	.000	5.254	268	.000	.30104	.05729	.18824	.41385
	Equal variances not assumed			5.057	203.864	.000	.30104	.05953	.18368	.41841
Empathy	Equal variances assumed	1.646	.201	2.218	268	.027	.11882	.05358	.01332	.22431
	Equal variances not assumed			2.172	230.390	.031	.11882	.05471	.01103	.22661
Bonding	Equal variances assumed	3.018	.084	3.042	268	.003	.17090	.05618	.06030	.28151
	Equal variances not assumed			3.105	267.966	.002	.17090	.05505	.06252	.27928
Responsiveness	Equal variances assumed	43.416	.000	2.473	268	.014	.13488	.05455	.02748	.24227
	Equal variances not assumed			2.616	237.000	.009	.13488	.05155	.03332	.23644
Customer Loyalty	Equal variances assumed	1.268	.261	-6.286	268	.000	-.34992	.05566	-.45952	-.24033
	Equal variances not assumed			-6.338	263.482	.000	-.34992	.05521	-.45864	-.24121

Source: Survey data (2017)

## 4.12 Results Discussion

This discussion is very important to provide more clarification on the above results. This research was related with the elements of customer relationship marketing towards customers' loyalty in banking industry, specifically in CBE, AIB and DB.

The objective of this study was to examine the effect of customer relationship marketing on customer loyalty in the commercial banking sector of Ethiopia by analyzing the relationship of every construct in the theoretical framework. Demographic factors such as gender, age, education qualification, length of time the customer's uses the banks services and the frequency of service usage have been used to know the general characteristics of the respondents.

Based on the results from this research, customer relationship marketing is correlated with customer's loyalty. The findings show that customer relationship marketing activities can explain above 80% of customers' loyalty in banking industry, particularly in CBE, AIB and DB.

Customer Relationship marketing elements particularly trust, empathy, and bonding have greater impact on customer loyalty and it is more important in shaping what customers prefer about the bank.

The research used 55.19 % male and 44.81% of female as respondents. In terms of age, the majority of respondents are in between 28-37 years old which was accounted 40% and followed by 18-27 which constituted 33%. With regard to the education qualification of respondents, the majority are diploma holder with 32.6% which is followed by degree and above holder which accounted 24.4%. This suggests that CRM can be well assess from this kind of customers better through questioner.

When we see the years of relationship with the bank most of the respondents , 36.7% have 1-5 years of relationship followed by 30 % , who use the bank service for less than one year. Hence on average most of the banks users have less than 5 years relationship with the banks. Interms of frequency of usage the bank service 36.7 of respondents uses the bank service at least once in a week.

In today's competitive environment, banks should build and maintain good relationship with the target customers in order to succeed and survive. To maintain good relationship with customers, CRM is an important tool. In this case, the bank must prepare invaluable information to build strong relationship with the customers for the purpose of gaining their loyalty and preventing customers from switching to other banks. Customers can be remaining loyal towards a bank for a number of reasons. This research have identified four elements of relationship marketing that will have impact on customers loyalty in banking industry particularly in CBE, AIB and DB namely, trust, empathy, and bonding.

According to Callaghan, et al. (1995), empirical study indicates that customer relationship marketing practices can significantly lead to improvement of commercial bank performance in respect to customer attraction, customer satisfaction, and customer retention. The findings of Callaghan cited by Kojo, disclosed that trust, reciprocity, empathy, bonding and responsiveness are dimension of customer relationship marketing. Therefore, the result of this research is consistent with the findings of Callaghan.

Based on the Pearson correlation test of correlation results, trust dimension positively correlated with customers loyalty ( $r=0.998$ ). It has positive and highest relationship with customer loyalty. This shows that trust dimension is a major determinant of customer loyalty. In other words if customers trust the bank, they will be loyal to their banks otherwise they will not be loyal to their banks. Because of this result the bank should be able to promise and deliver what it promised is important to encourage repeat purchase by the customers and to establish strong relationship. In addition, trust only will exist if customers have confidence in a banks ability to perform satisfactorily. Therefore, trust has power to determine the loyalty of customers. With regard to trust dimension, a bank can be perceived by its customers as honest in its performance if the bank has strong and lasting relationship with customers.

Customer trust has a significant role in building long-term relationship and achieving customer loyalty (Berry, 1983). So, the finding of Berry et.al (1983) is similar with the results of this research. When customers trust the bank, they will leave all the activities to be performed by the bank and they will talk freely about the banks strengths and

weaknesses. Because of this reason, all customers feel that they are responsible for the banks operation. So, it is best for the banks to be trusted by the entire customers.

Reciprocity was another element of relationship marketing that is taken into account to explain customer loyalty. Based on the correlation result as it is shown by pearson correlation test, reciprocity is positively correlated with customer's loyalty. It has positive and moderate relationship with customer loyalty. Correlation results of relationship management dimensions which is 0.820. Reciprocity is the dimension of a business relationship that enables either party to provide favors or make allowances for the other in return for similar favors or allowances to be received at a later date (Chattananon & Trimetsoontorn, 2009). Therefore the rule of reciprocity focuses on a recipient's behavior by the social norm expressed as "if you have received a drop of beneficence from other people, you should return to them a fountain of beneficence" (Wang, 2007).

The other factor that is included in the dimensions of relationship marketing was empathy. It has positive and moderate relationship with customer loyalty. The correlation coefficient between these variables is 0.722. Empathy is one of the important tools to create long term relationship with customers in service provider organizations. Nearly high number of customers wanted to be treated as they want to be treated by the banks employees. If this is the case, banks have the responsibility to treat customers as they want to be treated to have loyal customers. When the customers are treated in a good way they become satisfied and loyal to their banks. As a result, empathy has power to create lasting relationship with customers and shaping the minds of the existed customers to talk favorably about the banks to other customers. Therefore, banks need to understand their customer needs and wants and continuously evaluate their services to satisfy and attract customers in the better way. The finding of Zeithaml and Bitner (2003) showed that it is difficult to imagine an organization would deliver caring, individualized attention to customers independent of its employees.

The other factor that is included in the dimensions of relationship marketing was bonding. The correlation coefficient between bonding and customer loyalty is second

highest of all correlation results of relationship management dimensions which is 0.896. If CRM practices are conceived and implemented properly, it will enable companies to retain customers for life, get maximum value out of each customer and generate exemplary customer bonding (Tamilarsan, 2011). The bonding process begins with the very basic force of the need for a seller to find a buyer for their product, and the desire for a buyer to purchase a product that will satisfy their needs. Various bonds exist between parties and indicate different levels of relationships.

The last but not the least factor included in the relationship marketing underpinnings was responsiveness. As it was indicated in the correlation analysis, responsiveness dimension has relationship with customer loyalty. The correlation coefficient between responsiveness handling and customer loyalty is 0.866. It has positive and moderate relationship with customer loyalty. Therefore, showing sincerity and willingness to help customers are some of the key issues in responsiveness. Again what was tested in respect of responsiveness included devoted time to customers and efficient services. Responsiveness is willingness to help customers and provide prompt service (Ananth, 2010; Kheng, 2010). Responsiveness is the willingness to support customers and provide them immediate services right on demands. However, Taiwo(2011) described that responsiveness is the degree to which customers perceive service providers' readiness to assist them promptly.

## **CHAPTER FIVE**

### **SUMMARY MAJOR FINDINGS, CONCLUSION AND RECOMMENDATION**

This chapter presents summary of the major findings, conclusions and recommendations that was drawn from the previous chapters of this study. As the main question of this study was to assess how does customer relationship marketing influence customer loyalty in the commercial banking sector of Ethiopia; the below conclusion and recommendation tries to address the issue exhaustively.

#### **5.1 Summary of Major Findings**

This research provides both theory development implication for academics and practical implication. The main contribution to theory development involves the confirmation of some hypothesized relationships amongst the constructs of customer relationship marketing components - trust, reciprocity, empathy, bonding, and responsiveness on customer loyalty amongst the customers of the selected banks found in Addis Ababa.

In this research, primary data was elicited through questionnaire and multiple regression analysis was used in testing the entire hypothesis. The major finding was that amongst all the construct of customer relationship marketing components, trust, reciprocity, empathy, bonding, and responsiveness has greater impact on customer's loyalty. This means when customers are satisfied with an organizations products and services there is a measure of loyalty that is going to be created. A good relationship marketing program from the firm and its employees to customers will also create loyalty.

This research work indicates that average respondents are agreed that, when they have high trust to the bank; that leads them loyal to their bank. Particular to the banking industry, trust leads to construct long-term relationship with to its customers since it is common that if trust declines, customers are unwilling to conduct business transaction.

Successful CRM focuses also on understanding the needs and desires of the customers and is achieved by placing these needs at the heart of the business by integrating them with the organization's strategy, people, technology and business process (Agarwal, 2009). In this regard, the banks and customers were found to be working for their mutual benefits. Concerning the variable reciprocal help between the banks and their customers, the result shows that average respondents agreed on their bank keeps its promises.

It is well known that one of the CRM goals is to create and maintain long lasting relationships between the bank and its customers. One measurement for CRM is empathy. Empathy is a key component for harmonious and productive relationships in the work place. Thus, empathy can be viewed as the ability to share and understand and feel another person in a relational situation. As per the result from the data collected on empathy, an average respondents agreed on their bank gives them attention and sincerity to solve difficulties.

Close cooperation help to retain existing customers. It is supported as; close relationship with customers will require a strong coordination between banks and its marketing departments to provide a long-term retention of selected customers (Chary and Ramesh, 2012). This is in line with the theory indicating that an old customer satisfied with the banking services is effective same as ten new clients in advertising and profitability of the bank (Gilaninia, 2011). Therefore, the existence of close cooperation, the better the bank can understand customer wants and needs and it is helpful to retain them. The study also shows that, average respondents agreed with bonding their bank is working in close cooperation with its customers. Regarding customer's perception with regard to responsiveness practice of the bank shows that average respondents agreed on their bank gives them prompt response.

Finally, the purpose of customer loyalty is to keep a high proportion of valuable customers through reducing customer dissatisfaction. As suggested on the literature review part of this study, normally, the costs of cultivating the existing customer base are far less than the costs of attracting new customers.

From the descriptive statistics results of this study, there exists a relationship between CRM and Customer loyalty. The results clearly revealed that the three dimensions except the two, reciprocity and responsiveness, CRM dimensions are very close. This shows that CRM has significant influence on customer loyalty from customers' view. Though it needs further and detailed study, generally, the results indicate that customer relationship marketing is important for customer loyalty that is essential for the success of banks.

## 5.2 Conclusion

The main purpose of this research was to examine the effect of customer relationship marketing on customer loyalty by taking evidence from selected banks of CBE, AIB, and DB in Addis Ababa city. The CRM dimensions that were included in this research are trust, reciprocity, empathy, bonding and responsiveness.

Based on the previous theories and researches regarding relationship marketing and its outcomes, this study shows that there is direct relationship between CRM and customer loyalty, which helps to deeply understand the relationship and interaction between relationship marketing and customers' loyalty.

With regard to the Pearson correlation analysis, it can be clearly seen as that the five CRM dimensions namely trust, reciprocity, empathy, bonding and responsiveness are positively related to customer loyalty in the selected banks. The relationship looks like the following.

- ✚ CRM and customer's loyalty have high relationship.
- ✚ Trust dimension and customers loyalty have high relationship.
- ✚ Reciprocity dimension and customers loyalty have moderate relationship.
- ✚ Empathy handling dimension and customers loyalty have high relationship.
- ✚ Bonding dimension and customers loyalty has high relationship.
- ✚ Responsiveness dimension and customer loyalty has moderate relationship.
- ✚ Gender of respondents and customer loyalty are positively correlated. Female customers are given high value for customer loyalty program .

From the regression analysis part, it is clearly shown that relationship marketing explains customer loyalty. The regression analysis indicated that 84.4% customer loyalty is explained by relationship marketing. Each independent variable is also regressed against customers loyalty and the result shows that all the independent variables can explain the dependent variable i.e. customer loyalty.

### **5.3. Recommendations**

This study has demonstrated that the influence of customer relationship marketing on customer loyalty in selected commercial banks with in the area of Addis Ababa city. It is helpful for marketers to understand the effectiveness of CRM from consumers' perspective.

In light of the findings and conclusions made above, the following possible recommendations are suggested as being valuable to the banks for improving customer relationship management activities to assure customer loyalty.

- ❖ Banks should to be trustworthy Banks have to improve the level of their trust by continuous development of services and benefits, by working with customers, by increasing ability to meet promises, by fulfilling obligation, by providing consistent quality services and continuously delivering superior and added value for key customers. In Ethiopia, the growing number of banks led to the increase in the competition of banking industry. Therefore, the bank must be well aware of the want and needs of the customers. Nowadays customers are demanding more not only based on the service but they demand the way they are treated. Once they are satisfied with the services that were provided by the other customers.
- ❖ Banks should devote more effort in its employees, especially on the frontline, to motivate them to serve customers best. Frontline employees should be trained to act in a manner that recognizes customers as a valuable asset. To motivate employees and get their commitment, banks should offer them a challenging work, attractive salary that recognizes the contribution of their effort towards the overall success of the

- business. Besides these, actions to make them participate in decision making activities, to provide an opportunity to learn and advance, and reward for their contribution have a lot to play in employees motivation.
- ❖ Bank should enhance its effort to attract more customers especially in dimensions related to trust, reciprocity, empathy, bonding and responsiveness. In order to create and maintain loyalty, banks must recognize that many of the core product attributes are necessary, but not sufficient for loyalty. On the other hand, it is a must to have a strong connection with its customers in order to create and maintain customer loyalty. By having strong relationship with customers it is possible to keep customer from switching to other competitor.
  - ❖ Banks should improve their customer relationship program, as that will help them to build and support positive customer relationships, since banks are providing services to customers; it is a must to give high value for good relationship. Relationship with customers can be improved by explaining to employees, especially for the frontline; and knowing how much each customer is worth to the business. If more employees work together to keep existing customers satisfied, the lesser customer attrition will be.
  - ❖ Banks employees have to be responsive to provide prompt service to its customer. For this there should be continuous training to their employee's in order to have genuine & detail knowledge of every procedures and ability to handle customers. Even when hiring employees, banks should look at the ability and interest of an employee to establish and maintain strong relationship with the customers and other employees of the organization. Potential candidates who are strong in trusting behavior, knowledgeable and, strong commitment to the assigned tasks and adding with empathy should be considered.
  - ❖ Banks should give meticulous attention in order to attract new customers and retaining the existing ones in the advertisement and other promotional activities by using relationship management as strategy. It is also recommended that banks need to

arrange a mechanism to get continues feedback from its customers in order to know their level of satisfaction by asking them to comment or suggestion about the service provided by the bank either verbally or in writing. After collecting feedback of customers; the bank should analyze the feedback periodically and must use them as a means of problem identification.

- ❖ Marketers should put their efforts into implementing relationship marketing in an effective way, in order to enhance customer perceived trust, reciprocity, empathy, bonding and responsiveness. It is also essential for the bank to realize the importance of relationship quality and customers loyalty for practical business. A higher quality of a relationship might lead to a higher level of customer loyalty, which makes vendors profit more. The bank should assign responsible body for following up relationship marketing activities and providing solutions with short period of time if problems arise.

Generally, banks should implement customer relationship management appropriately and should make the whole system on work with customers. As it is known, customers are the reason for the survival of the bank. So, the bank is expected to invest more on attracting new customers and retaining the existed ones.

## **5.4 Future Research**

Future research will be mainly based on the current limitations. Since this study focuses on only the banking industry, such concentration could limit generalization of the findings to the entire service industry. This limitation creates an opportunity for future researcher in this area. The future researches may replicate this study in other service sectors other than banking, for example tourism, hospitality, health care, education, etc. Therefore, future research might seek to generalize the model developed in this study to other services.

In addition, this study includes only five CRM dimensions. However, there could be some other relevant factors that may be perceived as important by customers. Thus, future research can incorporate diversified CRM dimensions.

## REFERENCES

- AbiyZegeye, AlemayehuWorku, Daniel Tefera, MeleseGetu and Yilma Sileshi. (2009). Introduction to research methods. Graduate studies and research office Addis Ababa University.
- Agarwal, R. (2009). A comparative study of nationalized and private banks with reference to customer relation management. School of management studies Punjabi University,Patiala.
- Akroush,N.M.,Dahiyat, E.S., Gharaibeh.S.H. andAbulail, N.B (2011). Customer relationship management implementation. An investigation of a scale's generalizability and its relationship with business performance in a developing country context. *International Journal of Commerce and Management* Vol. 21 No. 2, pp. 158-191.
- Ananth, A., Ramesh, R. and Prabakaran, B. (2010).Service quality gap analysis in private sector bank - a customer perspective. *Indian journal of commerce & management studies*
- Armstrong, G., &Kotler, G. (2000). *Marketing: An Introduction* (5th ed.). New Jersey: Prentice Hall.
- Ata, U. Z., &Toker, A. (2012).The effect of customer relationship management adoption in business-to-business markets. *Journal of Business &Industrial Marketing*, 27(6), 197-507.
- Awash International bank (2009), "A Brief overview on AIB achievements": Addis Ababa, Ethiopia, Brochure December 2009.
- Berndt, A., Herbst, F. and Roux, L. (2005).Implementing a customer relationship management programme in an emerging market. *Journal of global business and technology*, Volume1, number 2.
- Bhattacharjee, A. (2012). *Social Science Research: Principles, Methods, and Practices*, (2nd edition). The Global Text Project
- Bergeron, B., (2001). *Essentials of CRM Customer Relationship Management for Executives*. John Wiley & Sons.
- Berry, L. L. (1983). Relationship marketing. In L. L. Berry, G. L. Shostack, and G. D. Upah (Eds.), *Perspectives on services marketing* (pp. 25–28). Chicago: American Marketing Association.
- Bhaskar, Rahul (2004), "A Customer Relationship Management System to Target Customers at Cisco," *Journal of Electronic Commerce in Organizations*, 2 (4), 63–73.
- Bohling, T.,Ramani, G., (2006). *CRM Implementation: Effectiveness issues and insights*.
- Brown, S. (2011), "Measures of Shape: Skewness and Kurtosis", Oak Road Systems
- Buttle, F. (2004). *Customer Relationship Management - Concepts and Tools*. Oxford: Butterworth-Heinemann.
- Buttle, F., (2009). *Customer Relationship Management: Concepts and Technologies* 2nd Edition Linacre House, Jordand Hill, Oxford: Butterworth-Heinemann.

- Callaghan, M., Mcphail, J. and Yau O.H.M. (1995). —Dimensions of a relationship marketing orientation: an empirical exposition,|| proceedings of the seventh biannual world marketing congress vol. VII-II, Melbourne, (July), PP. 10 Yau, O.H.M., Lee J.S.Y., Chow, R.P.M.
- Chang, H. S. (2007). Critical factors and benefits in the implementation of customer relationship management. *Total Quality Management*, 18 (5), 483–508.
- Chary, T.N. and Ramesh, R. (2012). Customer relationship management in banking sector- A comparative study. *KKIMRC IJRHRM* vol-1, no-2.
- Chattananon, A., Trimetsoontorn, J. (2009) —Relationship marketing: a Thai case", *International Journal of Emerging Markets*, 4(3): 252-274.
- Cohen, L. Manion, L. and Morrison, K., (2007). *Research Methods in Education*. (6th edition), Routledge Taylor & Francis publications Group, London and New York.
- Colgate, M.R. and Danaher, P.J., (2000) "Implementing a customer relationship strategy", *Journal of the Academy of Marketing Science*, Vol. 28, No. 3.
- Crosby, L., Evans, K., and Cowles, D. (1990) "Relationship Quality in Services Selling: An Interpersonal Influence Perspective." *Journal of Marketing*, pp. 68-81
- Dadkhah, M., 2009, concent customer, shahrashob. pp. 13
- Das, S.K. (2012). Customer relationship management in banking sector: A comparative study of Sbi and other nationalized commercial banks in India. *Arthpraband: A Journal of economics and management* vol.1.
- Day, G.S. (2003), "Creating a Superior Customer-Relating Capability," *MIT Sloan Management Review*, 44 (3), 77–82.
- Dean, A. M. (2007). The impact of customer orientation of call center Employees on customers' Affective Commitment and Loyalty; *Journal of Service Research*, Volume 10, no 2. Pp. 161 – 173.
- Dick, A. & Basu, K. (1994), "Customer loyalty: toward an integrated conceptual framework", *Journal of Marketing Science*, Vol. 22, No. 2, pp. 99-113.
- Durkin, M., O'Donnell, A., and Crowe, J. (2008). Relationship Disconnect In Retail Banking. *Journal of Financial Services Marketing*, 12 (4), 260-271.
- Farris, P.W., Neil T. B., Phillip E. P., David J. R., (2010). *Marketing Metrics: The Definitive Guide to Measuring Marketing Performance*. Upper Saddle River, New Jersey: Pearson Education, Inc.
- Ghafari, P., Karjalian, R. and Mashayekhnia, A. (2011). Studying the relationship between different dimensions of CRM and innovation capabilities in Melli bank of Iran. *World academy of science, engineering and technology* 60.

- Gilaninia, S., Mousavian, S.J., Moaf, S.M., AminiJelodarloo, S.N., Pournemat, M., Tajalli, M., Damirchi, F.G. and Seighalani, F.Z. (2011). Comparative study of relationship marketing in public and private banks. *Interdisciplinary journal of contemporary research in business*. vol 3, no 8.
- Greenberg, P. (2004), "CRM @ the Speed of Light", McGraw-Hill, New York.
- Hamid and huma,(2009) : Towards unfolding CRM implementation challenges in Pakistan: 17th European conference on information system
- Hinnawi, R. S. (2011). "The Impact of Relationship Marketing Underpinnings on Customer's Loyalty (A Case Study of Bank of Palestine)", Master's Thesis, the Islamic University, Gaza. Hotels in Ashanti Region of Ghana pp. 20-29.
- Hjalte, S. and Larsson, S. (2004). "Managing Customer Loyalty in the Automobile Industry, Tow Case Study", M.Sc. Thesis, Lulea University of Technology, Lulea.
- Homburg .C., John P.W., and Ove.J., (2000), "Fundamental Changes in Marketing Organization: The Movement Toward a Customer-Focused Organizational Structure," *Journal of the Academy of Marketing Science*, 28(4), 459–478.
- Izquierdo,c., cilian,j.,Gutierrez, s.s(2005), "Impact of customer relationship management on firms performance: Spanish case". *Journal of service marketing* 19/4-233-244
- Javalgi, R.G. and Moberg C.R. (1997), "Service Loyalty: Implications for Providers", *The Journal of Services Marketing*, Vol. 11, No:3.
- Kheng, L.L., Mohamad, O., Rahayah, T., Mosahab, R. (2010). The impact of service quality on customer loyalty: A study of banks in Penang, Malaysia. *International journal of marketing studies*.Vol. 2, No. 2.
- Kleinbaum et.al, 1988. ). *Psychometric Theory*. New York: McGraw-Hill.
- Kotari, C. R. (2004). *Research Methodology: Methods and Techniques*. New Delhi: New Age
- Kotler, P., Ang, S.H., Leong, S.M., & Tan, C.T. (1999).*Marketing Management: An Asian Perspective*. New Jersey: Prentice Hall Inc.
- Kotler, P. (2002). When to use CRM and when to forget it! Paper presented at the Academy of Marketing Science, Sanibel Harbour Resort and Spa
- Kottler .P. and Keller .K. (2006). "Marketing Management. 12edition. USA, ISBN 0 – 13 – 145757 – 8
- Kosuge R. (2006), "Internal dynamics of customer-oriented service organizations: Implications form a cognitive perspective", MMRC Discussion Paper, No. 103.
- Kubi, B. A., & Doku, A. K. (2010). Towards a successful customer relationship management: A conceptual framework. *African Journal of Marketing Management*, 2(3), 37-43.

- Langerak, Fred, and Peter C. Verhoef (2003), "Strategically Embedding CRM," *Business Strategy Review*, 14 (4), 73–80.
- Lin, C. (2003), A critical appraisal of customer satisfaction and e-commerce, *Managerial Auditing Journal*, Vol.18, No.3, pp.202-212.
- Lindgreen, A. and Antiocho, M. (2005). "Customer relationship management: The case of European bank", *Marketing Intelligence & Planning*, 23, (2), 136 – 154.
- Liyun, Q., Keyi, W., Xiaoshu, W., & Fangfang, Z. (2008). "Research on the relationship among market orientation, customer relationship management, customer knowledge management and business performance". *Management Science and Engineering*, 2(1):- 31-37.
- Lovelock .C., Jochen.W., and Jayanta. C., (2004), *services marketing, people, technology, strategy, a South Asian perspective*, 5th edition, Pearson education.
- Leary, M.R. (2004). *Introduction to Behavioral Research Methods*. USA: Pearson Education, Inc.
- Martin, S., and Camero, C. (2005). Consumer Reactions to Firm Signals in Asymmetric Relationships. *Journal of Service Research*, 8(1), 79 – 97
- Mohammad, A.T. (n.d). The effects of marketing communications on Malaysia's consumer based brand equity and intension to visit among potential tourists from gulf countries: The case of Jeddah and Dubai.
- Nevo, D., & Chan, Y. E. (2007). A Delphi study of knowledge management systems: Scope and requirements. *Information and Management*, 44(6), 583-597.
- Nguyen, T. H., Sherif, J. S., and Newby.M., (2007). Strategies for successful CRM implementation. *Information Management & Computer Security*, 15(2), 102-115.
- Nunnally, J. (1978). *Psychometric Theory*. New York: McGraw-Hill.
- Martin, S., and Camero, C. (2005). Consumer Reactions to Firm Signals in Asymmetric Relationships. *Journal of Service Research*, 8(1), 79 – 97
- Morgan, R.M. and Hunt, S.D. (1994). The commitment- trust theory of relationship marketing. *Journal of marketing*.
- Ndubisi, N.O. (2006). Effect of gender on customer loyalty: A relationship marketing approach. *Marketing Intelligence & Planning*, 24 (1); - 48-61.
- Oghojafor et.al,(2011). Information technology and customer relationship management insurance firms in Nigeria, vol.3(7), pp.452-461
- Oogarah-Hanuman, V., Pudaruth, S., Kumar, V. and Anandkumar, V. (2011). A study of customer perception of CRM initiatives in the Indian banking sector. *Research journal of social science and management*. Volume:01, Number:04.

- Palmatier, R. W., Dant, R.P., Grewal, D., & Kenneth Evans (2006, October). Factors influencing the effectiveness of relationship marketing: A Meta- Analysis. *Journal of Marketing*, 70, 136-53.
- Parvatiyar, A. & Sheth, T.N., (2001). "Customer relationship management: Emerging practice, process, and discipline", *Journal of Economic and Social Research*, 3, (2).
- Payne, A., & Frow, P. (2005). A strategic framework for CRM. *Journal of Marketing*, 69(4), 167-176.
- Peppard, J. (2000). Customer relationship management (CRM) in financial service. *European Management Journal*, 18(3), 312-327.
- Peou, C. (2009). Relationships between entrepreneur's value, firm financing, firm management, market practices, and growth performance of small-medium enterprises in Cambodia.
- Plakoyiannaki, E., & Saren, M. (2006). Time and the customer relationship management process: conceptual and methodological insights. *Journal of Business & Industrial Marketing*, 21(4), 218-230.
- Richards, K.A./Jones, E. (2008), Customer relationship management: Finding value drivers, *Industrial Marketing Management* 37, p. 120–130.
- Rigby, D.K., Reichheld, F.F., and Schefter, P. (2002). Avoid the four perils of CRM. *Harvard Business Review*, 80, 101-109
- Reinartz, W., Krafft, M., & Hoyer, W. D. (2004). The CRM process: Its measurement and impact on performance. *Journal of Marketing Research*, 41(3), PP. 293–313.
- Roh T. H., Ahn, C. K. and Han, I. 2005. "The priority factor model for customer relationship management system success", *Expert Systems with Applications*, Vol. 28, No. 4, pp. 641 – 654.
- Roland. T. Rust, 2006, How technology advantage influence business research & marketing, *Journal of Havard business review* pp. 33
- Rosenberg L, J., Czepiel, J.A. (1999) "A marketing approach for customer retention *Journal of consumer marketing*, 1, pp 45-51.
- Sadek, (2011). Measuring the effect of customer relationship management components on the non-financial performance of commercial Bank of Egypt.
- Sayed H., (2011). Customer relationship management and its relationship to the marketing Performance: *International Journal of Business and Social Science* 2, (10):-235.
- Salomman, H. Kolbe, L. Dous, M., & Brenner, W. (2005), "Knowledge Management Capabilities in CRM: Making Knowledge For, From and About Customers Work", proceedings of the Eleventh Americas Conference on Information Systems, Omaha, NE, USA August 11 th-14 th 2005.
- Shifera, B. (2011). "The Impact of Relationship Marketing on Customer Loyalty (The Case of Bank of Abyssinia)", Master's Thesis, Addis Abeba University, Addis Abeba.

Sin, L. Y., Tse A.C. and YimF.H , (2005), “CRM: conceptualization and scale Development”, *European Journal of Marketing*, 39(11/12), pp. 1264 – 1290

Sousa, R. (2003). Linking quality management to manufacturing strategy: an empirical investigation of customer focus practices.*Journal of Operations Management*, 21, 1-18.

Suliman A.(2013). Basic dimensions of the (servqual model) and its impact on the level of customer satisfaction: an empirical study of the housing bank in karak. *European Scientific Journal vol.9, No.1.pp, 21-34.*

Stefanou, C.J., Sarmaniotis, C. and Stafyla, A. (2003). CRM and customer-centric knowledge management: An empirical research. *Business Process Management Journal*, 9(5), 617-634.

Swaminathan S.,(2004), Customer Relationship Management: its dimensions and effects on customer outcomes, *Journal of Personal Selling and Sales Management*

Tamilarasan, R. (2011). Customer relationship management in banking services, India. *Advances in management*.Vol.4(1).

Teich, I. (1997). Holding on to customers: the bottom-line benefits of relationship building.*BankMarketing*, 29(2), 12-13.

Taleghani,M;Biabani,S;Gilaninia,Sh;Rahbarnia,s.A;Mousavian,S.J.(2011). The Relationship between Customer Satisfaction and Relationship Marketing Benefits, *Arabian Journal of Business and Management Review*, Vol. 1, No.3, pp. 78-86.

Tsegay, M. (2011). “*The Effect of Customer Relationship Marketing on Customer Retention in the Banking sector (A Case Study on Commercial Bank of Ethiopia)*”, Masters Project, Mekelle University, Mekelle.

UmeshC.Pattnaik et al. (2006). “Bank Marketing”,Sonal Publications, New Delhi.

Vandermerwe, S. (2004). ‘‘Achieving deep customer focus’’. *MIT Sloan Management Review*, 45(3), 26-34.

Vaus, D. and D.A. (2001).*Research design in social research*. London: Sage.

Velnampy&S.Sivesan. (2012)|| Customer Relationship Marketing and Customer Satisfaction|| ,*Global Journal of Management and Business Research* Volume 12 Issue 18 Versions 1.0.

Wang, C.L., (2007) —Guanxi vs. relationship marketing: Exploring underlying differences|| , *Industrial Marketing Management*, 36: 81 – 86

Wang, I. C., Huang, C. Y., et al. (2010). The influence of customer relationship management process on management performance.*International Journal of Organization Innovation*, 2(3), 40-50.

[www.cbe.com](http://www.cbe.com)

[www.dashenbank.com](http://www.dashenbank.com)

[www.awashinternationalbank.com](http://www.awashinternationalbank.com)

Yim, Frederick H.K. (2002), "CRM Orientation: Conceptualization and Scale Development," Master's thesis, Chinese University of Hong Kong .

Yim, F. H., Anderson, R. E., and Swaminathan, S (2005). Customer Relationship Management: Its Dimensions and Effect on Customer Outcomes; *Journal of Personal Selling & Sales Management*, vol. XXIV, no. 4, pp. 265–280.

Zeithaml, V A., Berry, L.L., &Parasuraman, A. (1996, April ). The behavioral consequences of service quality. *Journal of Marketing*, 60, 31—46.

Zikmund, W., Barry J., Babin, J., and Carr, M. (2003). *Business Research Methods*, 9<sup>th</sup> Edition, New York: The Dryden Press.

# APPENDICES

APPENDIX A: ENGLISH VERSION QUESTIONNAIRE

**ADDIS ABABA UNIVERSITY  
COLLEGE OF BUSINESS AND ECONOMICS  
SCHOOL OF COMMERCE  
POST GRADUATE STUDIES  
DEPARTMENT OF MARKETING MANAGEMENT**

**QUESTIONNAIRE TO BE FILLED BY CUSTOMER'S OF THE SELECTED BANKS**

**Researcher:** SelamawitAsrat

**Contact address:** +251911180066

**E-mail:** afomalem@@gmail.com or selamawitasrat@cbe.com.et

Dear Respondent:

I am currently pursuing Masters of Marketing Management program at Addis Ababa University College of Business & Economics School of Commerce. As partial fulfillment towards the completion of my postgraduate degree, this research titled as “*The effect of Customer Relationship Management on customer loyalty of the selected banks in Addis Ababa*” is undertaken.

Hence, I kindly request you to fill this questionnaire while assuring you that the information that you provide will be treated with confidentiality and shall only be used for the purpose of this academic research. Your fair and impartial feedback will make this research a very successful one.

***General Instructions***

No need of writing your name.

In all cases where answer options are available please tick (✓) in the appropriate box.

Thank you for your cooperation and assistance.

## PART I. DEMOGRAPHIC PROFILE

1. **Gender:** Male  Female
2. **Age:** 18-27  28-37  38-47  48-57  58 and above
3. **Educational Background:** Primary school completed  Secondary school completed  Certificate  Diploma  Degree and above
4. **How long have you been the customer of the bank? Please state in year:**  
Below 1 year  1-5  6-15  Above 15 years
5. **How frequent do you use the bank's service? Please state in week's:**  
Once in a week  twice a week  three times a week  daily   
1-3times in 4 weeks

## Part II. Questions related to Customer Relationship Management Practices

Please show the extent to which you agree or disagree with the statements given below.

This is to assess the following on the scales of strongly disagree to strongly agree.

**1 = strongly disagree 2 = disagree 3 = Neutral 4 = Agree 5 = strongly agree**

No	Statement	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
<b>✓ Trust</b>						
1	You feel safe in all of your transactions with your bank					
2	The bank always does what it promised to do					
3	I am confident on the financial status of the bank					
4	The bank is trustworthy on calculating charges					

5	The bank is trustworthy during cash payment process					
6	The bank provides consistent quality services at different time.					
<b>✓ Reciprocity</b>						
7	The bank helps me to solve difficulties, so I am responsible to repay their kindness.					
8	The bank keeps its promises.					
9	The bank and you work for mutual benefit.					
10	The bank and you are interdependent.					
<b>✓ Empathy</b>						
11	Employees of the bank understand my feelings.					
12	The bank gives individual attention to its customers.					
13	The bank shows a sincere interest in solving your problem.					
14	Employees of the bank are never too busy to respond to customers' requests.					
15	The bank has guidance signs indicating as to which counters are offering which services.					
16	The working hours of the bank are flexible and convenient to me.					
<b>✓ Bonding</b>						
17	The bank keeps in touch constantly with its customers.					
18	The bank tries very hard to establish a long term relationship with its customers.					
19	The bank works in close cooperation with its customers.					
20	Employees of the bank know you very well.					
21	Your achievement flourish on the solid relationship you have with the bank.					
<b>✓ Responsiveness</b>						
22	The bank provides prompt service to its customers.					
23	Employees of the bank are willing to help customers.					

<b>24</b>	Employees of the bank devote time to reply to any of your questions.					
<b>25</b>	The bank arranges special care to special customers.					
<b>26</b>	The behavior of the employees inspires confidence in customers.					
<b>27</b>	Employees give genuine and detailed information regarding to any transaction of the bank.					
<b>✓ Customer Loyalty</b>						
<b>28</b>	I am confident of giving positive word of mouth testimonies to others about this bank.					
<b>29</b>	I am not intending to leave this bank in the future					
<b>30</b>	I find it difficult to switch to other banks because of what I get from this bank.					
<b>31</b>	I will always choose this bank over any other bank					

*Source: adopted from, (Ravichandran, 2010 and Frank KojoKuranchie); modified by the researcher.*

***THANK YOU FOR YOUR COOPERATION!!!***

APPENDIX B: AMHARIC VERSION QUESTIONNAIRE

አዲስ አበባ ዩኒቨርሲቲ  
ቢዝነስና ኢኮኖሚክስ ኮሌጅ  
የንግድ ሥራ ትምህርት ቤት  
የገበያ አስተዳደር ትምህርት ክፍል  
የድህረ ምረቃ ፕሮግራም

ለባንክ ተጠቃሚ ደንበኞች የተዘጋጀ መጠይቅ

የተከበራቹ ደንበኞች እኔ አዲስአበባ ዩኒቨርሲቲ ቢዝነስና ኢኮኖሚክስ ኮሌጅ የንግድ ሥራ ትምህርት ቤት በገበያ አስተዳደር ትምህርት ክፍል የድህረ ምረቃ ተማሪ ስሆን የዚህ መጠይቅ አላማ ለመመረቅ ጥናት የምጠቀምበትን መረጃ ከደንበኞች ለመሰብሰብ ነው። ስለዚህ ውድ ከሆነው ግዜዎ የተወሰኑ ደቂቃዎች ወስደው ጥያቄዎቹን እንዲመልሱልኝ በትህትና እየጠየቅኩኝ የሚሰጡኝ መረጃ ሚስጥራዊነቱ የተጠበቀ ከመሆኑ በተጨማሪ ለትምህርታዊ አላማ ብቻ የሚውል ስለሆነ መረጃው በአጠቃላይ እንጂ በተናጠል የማይታይ መሆኑን ላረጋግጥሎት እወዳለሁኝ።

ስለዚህ የሚመስሎት መልስ በጥያቄዎች ትይዩ በቀረቡት ሳጥኖች የ”V” ምልክት በማድረግ እንዲገልፁ እንዲሁም ክፍት ቦታዎችን አጭር መልስዎን እንዲፀፉልኝ ስጠይቅ ለሚያደርጉልኝ ትብብር በቅድምያ በማመስገን ነው።

ክፍል I:-አጠቃላይ መረጃ

- ሀ. ሆታ:-ተባዕት  እንሰት
- ለ. ዕድሜ:- 18-27  28-37  38-47  48-57  58 እና ከዛ በላይ
- ሐ. የትምህርት ደረጃ:- አንደኛ ደረጃ  ሁለተኛ ደረጃ  ሰርቲፍኬት  ዲፕሎማ   
የመጀመርያ ዲግሪና ከዛ በላይ

መ. የባንክ ደንበኛ ከሆኑ ስንት ጊዜ ሆነዎት? እባክዎን የቆይታዎ ጊዜ /በአመት/  
ከ1 አመት በታች  1-5  6-15  ከ15 ዓመት በላይ

ሠ. በምን ያህል የቆይታ ጊዜ የባንኩን አገልግሎት ይጠቀማሉ? እባክዎን የቆይታዎን ጊዜ በሳምንት ይግለፁት  
በሳምንት አንድ ጊዜ  በሳምንት ሁለት ጊዜ  በሳምንት ሦስት ጊዜ  በየቀኑ   
በአራት ሳምንት ከ1-3 ጊዜ

**ክፍልII:-**ከዚህ በታች ለተዘረዘሩት ሀሳቦች የግልጽ ሚዛን በሃሳቦቹ ትይዩ በተቀመጡት አምዶች የ”V” ምልክት በማስቀመጥ እንዲገልፁ በትህትና ስጠይቅ አማራጮቹ ከበጣም አልሰማማም(1) ጀምሮ እስከ በጣም እሰማማለሁ (5) ድረስ መሆናቸውን እገልጻለሁኝ።

1= በጣም አልሰማማም 2=አልሰማማም 3=እርግጠኛ አይደለሁም 4=እሰማማለሁ 5= በጣም እሰማማለሁ

		በጣምአልሰማማም(1)	አልሰማማም(2)	እርግጠኛ አይደለሁም(3)	እሰማማለሁ (4)	በጣምእሰማማለሁ (5)
<b>✓ መተማመን</b>						
1	ከባንኩ ጋር ያለኝ እንቅስቃሴ በተመለከተ ምንም አይነት ችግር አጋጥሞኝ አያውቅም					
2	ባንኩ ሁልጊዜ በገባው ቃል መሰረት ይፈጽማል					
3	በባንኩ ፋይናንሲያዊ አቅም እተማመናለሁ					
4	ባንኩ በሚያስከፍለው የአገልግሎት ክፍያ ታማኝ ነው።					
5	ባንኩ በገንዘብ አከፋፈል ሂደቱ ታማኝ ነው።					
6	ባንኩ በተለያዩ ጊዜያት ተመሳሳይ ጥራት ያለው አገልግሎት ይሰጣል።					
<b>✓ ስጥቶመቀበል</b>						
7	ባንኩ ችግሩን ለመፍታት ያግዘኛል እኔም የባንኩን ጥሩ ስራ ዋጋ ለመስጠት ሀላፊነት ይሰማኛል					
8	ባንኩ የገባውን ቃል ያከብራል					
9	እርሶ እና ባንኩ ለጋራ ጥቅም ትሰራላችሁ					
10	እርሶ እና ባንኩ ተመጋጋቢ ናችሁ					
<b>✓ አሳቢነት</b>						
11	የባንኩ ሰራተኞች ስሜቴን ይረዱልኛል።					
12	ባንኩ ለእያንዳንዱ ደንበኛ ልዩ ትኩረት ይሰጣል።					

13	ባንኩ የእርሶን ችግር ለመፍታት እወነተኛ ፍላጎቱን ያሳያል።					
14	የባንኩ ሰራተኞች የእርሶን ጥያቄ በአግባቡ ለመመለስ የሚያስችል በቂ ጊዜ አላቸው።					
15	ባንኩ የትኛው የባንኩ አገልግሎት በየትኛው አካባቢ ማግኘት እንደሚችሉ የሚጠቁም ምልክት አለው።					
16	የባንኩ የስራ ስአታት ለኔ አመቺና እንደሁኔታው መለዋወጥ የሚችሉ ናቸው።					
<b>✓ ጥምረት</b>						
17	ባንኩ ከደንበኞቹ ጋር ቀጣይነት ያለው ግንኙነት ያደርጋል።					
18	ባንኩ ከደንበኞቹ ጋር ዘለቄታዊ ግንኙነት ለመመስረት አበክሮ ይጥራል።					
19	ባንኩ ከደንበኞቹ ጋር ጠበቅ ባለግንኙነት ይሰራል።					
20	እርሶ በባንኩ ሰራተኞች በደንብ ይታወቃሉ።					
21	የእርሶው ጤታማነት እየጨመረ የመሄዱ ሚስጥር ከባንኩ ጋር ጠንካራ ግንኙነት ስለመሰረቱ ነው።					
<b>✓ መልስ ሰጭነት</b>						
22	ባንኩ ለደንበኞቹ ቀልጣፋ አገልግሎት ይሰጣል።					
23	የባንኩ ሰራተኞች እርሶን ለማገዝ ፍቃደኞች ናቸው።					
24	የባንኩ ሰራተኞች ማንኛውንም የእርሶን ጥያቄ ለመመለስ በቂ ጊዜ ይሰጣሉ።					
25	ባንኩ ለተለዩ ደንበኞች የተለዩ እንክብካቤ ያደርጋል።					
26	የሰራተኞቹ ባህሪ ደንበኞች እምነት እንዲጥሉባቸው ያበረታታል።					
27	የባንኩ ሰራተኞች ማንኛውም የባንኩን ግብይት በተመለከተ እወነተኛ እና ሙሉ መረጃ ይሰጣሉ።					
<b>✓ የደንበኞች ታማኝነት</b>						
28	ይህን ባንክ በሚመለከት ጥሩ መሆኑን ምስክርነቴን ስሰጥ በል በሙሉነት ነው።					
39	ከባንኩ ጋር ያለኝን ግንኙነት የማቋረጥ ሀሳብ የለኝም።					
30	ከዚህ ባንክ በማገኘው አገልግሎት ምክንያት ወደ ሌላ ባንክ ለመቀየር ይከብደኛል።					
31	ሁልጊዜም ከሌሎች ባንኮች ይልቅ ይህንን ባንክ እመርጣለሁ።					

ለተደረገልኝ ትብብር በጣም አመሰግናለሁ!!