ADDIS ABABA UNIVERSITY

SCHOOL OF GRADUATE STUDIES

COLLEGE OF BUSINESS AND ECONOMICS

A STUDY ON THE DETERMINANTS OF CUSTOMER RETENTION IN SMALL SCALE PRIVATE COMMERCIAL BANKS IN ADDIS ABABA

Advisor: Tufail Ahmed (Prof.)

A Thesis Submitted in Partial Fulfillment of the Requirements for the Degree of Master of Arts in Business Administration (Management)

BY

Mulugeta Negesu

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Statement of Certification

This is to certify that Ato Mulugeta Negesu has carried out this research work on the topic entitled '**The Determinants of Customer Retention in the Small Scale private commercial banks in Addis Ababa**' under my supervision. This research work is original and has not presented for a degree in any university, which all sources of materials used for the study have been duly acknowledged and it is sufficient for submission for the partial fulfillment for the award of Master of Arts in Business Administration (Management).

Tufail Ahmed (Prof.)	________________	__________________
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Internal Examiner	Signature	Date
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External Examiner	Signature	Date

Declaration

I hereby declare that the study on the Determinants of customer retention in case of Small Scale Private commercial banks in Addis Ababa is wholly the original work of Mulugeta Negesu. I have carried out the study independently with the guidance and support of my research advisor, Tufail Ahmed (Prof.). Anywhere assistances of other peoples are involved, every effort is made to indicate their contributions have been clearly acknowledged. The study has not been submitted for award of any Degree in this university or any other Institutions.

Declared by:

Name : Mulugeta Negesu

Signature___________

June 2015

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Abstract

Today, banking is regarded as a consumer-oriented services industry and banks have started realizing that their business increasingly depends on the quality of the consumer service provided and overall satisfaction of the customer.

This study examined determinants of customer retention in Small scale commercial banks in Addis Ababa. Six specific objectives were developed related to independent variables: quality of the products provided by banks, information technology, and corporate image, pricing of bank products as well as services and customer satisfaction. The variables' relationships were established through explanatory studies under positivism paradigm. The study adopted convenience sampling technique to select a sample of 350 banks' customers. Primary data were collected using questionnaires and 309 bank customers responded timely.

The data is analyzed with the help of the multiple regression analysis. The significance of all hypotheses was tested by comparing their standardized beta and p-value. Out of seven variables tested it is found that tangibility, responsiveness, Information technology and customer satisfaction has significant effect on customer retention.

As the finding shows that majority of customers are comfortable with the banks to remain the future customer and customer satisfaction has significant effect on customer retention. Therefore, the researcher recommend banks should have to work hard to satisfy their customers to sustain their strength and try to improve it to delight customers.

Chapter one

Introduction

1.1 Background of the study

Customer retention refers to customer's stated continuation of a business relationship with the firm. Customer loyalty is one of the most important indicators used to evaluate the quality of services offered by an organization. Therefore, gaining customer loyalty becomes a key objective for banking organizations which decide to adopt a relationship marketing perspective.

The banking industry is highly competitive, not only with banks competing among each other but also competing with non-banks and other financial institutions. Most bank product developments are easy to duplicate and when banks provide nearly identical services, they can only distinguish themselves on the basis of price and quality. Therefore, customer satisfaction and retention is potentially an effective tool that banks can use to gain a strategic advantage and survive in today's ever-increasing banking competitive environment. One strategic focus that banks can implement to remain competitive would be to retain many customers as possible. The homogeneity of services offered and competition within the banking industry have put added pressure on banks to achieve competitive differentiation, which has led to an emphasis on service quality. Banks use service quality as a means of gaining competitive advantage. This practice is perceived to be a prerequisite for achieving high quality customer service, which is seen as the only mechanism for achieving differentiation and retaining customers in a highly competitive and homogenous.

In modern economics, service sector plays significant role side by side manufacturing and other sectors. Banking sector performs its activities economically and socially in a country. Service managers of such service factory are more concerned about their quality of service and client satisfaction.

Factors that contribute to the customer willingness to be involved in a relationship based on a high level of customer satisfaction, good service quality, customer feelings of trust and affective commitment toward bank, the positive corporate image of the company, knowledge management, values on pricing of products and services of the bank, technological advancement of the bank and the like.

For example, customer satisfaction in banking will be a broader concept and will certainly be influenced by perceptions of service quality but will also include perceptions of product quality (such as variety of deposit options available to customers), price of the products (i.e., charges charged by the bank or rates offered by the banks on various deposits), personal factors such as the consumer's emotional state, and even uncontrollable situational factors such as weather conditions and experiences in conveying to and from the bank.

Satisfaction is achieved when expectations are fulfilled and the customer knows that the supplier is able to deliver what is expected, perceiving a low level of risk. Satisfaction affects the buyer's decision to continue a relationship and reduce the likelihood of exit from the relationship and negative word-of-mouth. Relationships between parties develop over time as they gain experience and trust each other, reducing the perceived risk in a relationship. Trust exists when there is confidence in reliability and integrity of a company. In order to achieve trust, a company's strategy has to communicate effectively, adopt the customer's relationship norms and avoid negative reputation.

Service quality is considered an important tool for a firm's struggle to differentiate itself from its competitors. The relevance of service quality to companies is emphasized especially the fact that it offers a competitive advantage to companies that strive to improve it and hence bring customer satisfaction.

In the banking industry, a key element of customer satisfaction is the nature of the relationship between the customer and the provider of the products and services. Thus, both product and service quality are commonly noted as a critical prerequisite for satisfying and retaining valued customers. The banking industry is facing an ever increasing level of competition around the world as the dynamics of the business change like technological advancement.

1.2 Background of the Organization

The central bank of Ethiopia is national Bank of Ethiopia. The financial system as well as financial sector of Ethiopia is dominated by public (government owned) banks. Currently the banking sector includes of two public owned commercial banks, and sixteen private commercial banks. From the sixteen private commercial banks the study of the researcher concentrated on small scale size private commercial banks operating within Addis Ababa city. The researcher selected three banks, namely Cooperative Bank of Oromia, Oromia International bank and Abay Bank from small scale size private commercial banks as sample size for the study.

1.3 Statement of the problem

In today's competitive markets, an aggressive competition between banks is seen more than in the past. The relationship with customers and its management are significant factors to win this fierce competition.

In Ethiopia there has been an increase in number of commercial banks from a public(government owned) banks to many private commercial banks with subsequent competitive pressures, which bring about the importance of customer retention to the banks. Customers have always been complaining on issue of quality, implying that banks have not been able to meet what they promise. This has led to an increasing trend in customer switching between bank branches and from one bank to another, which signals that the particular branches and banks have failed to meet customer expectations. On Birritu magazine that quarterly published by NBE, Bank supervision directorate of national bank of Ethiopia revealed that in the area of introduced new technologies in banking industry like mobile and agent banking are challenged by telecom service (*Birritu magazine*, 2014)

According to Lwiza and Nwankwo (2002), after the financial reforms of banking sector and globalization, there has been an increase in public awareness of different financial products and services available at different banks, which, in turn, made customers to be highly sensitive to the quality of services offered. Customers have been moving around demanding banks' audited reports, brochures and even change within branches of the same bank seeking for the best services and also from one bank to another bank because of bank failures and problems. The situation has forced the banks to be highly sensitive to the needs of their customers and make an effort to retain them (Lwiza and Nwankwo, 2002).

Radomir, Wilson and Scridon (2010) in the study of Improving Bank Quality Dimensions to Increase Customer Satisfaction examined the relationship between service quality dimensions and customer satisfaction with bank territorial units. The study revealed that human resources had the greatest impact on customers' satisfaction with bank territorial units and that both "Convenience and Efficiency" and "Bank personnel" were dimensions that bank management should consider in their efforts to improve and maintain the service quality level .*However*, most banking sector of Ethiopia's' is unable to employ this principle in their daily operation at large. Moreover, mostly the private commercial banking industries in Ethiopia promote themselves as a fast instance service delivering organization. *Conversely*, due to the matter of technological and human resources, they are unable to achieve what they are planning in their daily activity. Due to the above constraints, customers' retention is not fully maintained. (Solomon, 2013)

1.4 Objective of the study

The main objective this study is to examine the determinants of customer retention in small scale size private Commercial Banks in Addis Ababa

1.4.1 Specific objectives

The specific objectives of this study are as follows

1. To examine the physical aspects of the services as physical facilities and tools used for the provision of services on customer retention
2. To explore the willingness or readiness of employees to provide quick services to customers on customer retention
3. To explore the knowledge, courtesy and their ability to convey trust and confidence on customer retention
4. To explore the effect of service charge on customer retention
5. To examine the role of information technology and corporate image on customer loyalty and retention
6. To investigate the effect of customer satisfaction on customer retention program

1.5 Hypothesis

H_1: There is a significant relationship between physical facilities and tools used for the provision of services and customer retention.

H_2: The willingness or readiness of employees to provide quick services to customers has a positive and significant on customer retention.

H_3: The employees' knowledge, courtesy and their ability to convey trust and confidence has significant positive impact on customer satisfaction and retention.

H_4: Information technology in banking sector has a positive and significant relation with customer retention.

H_5: Fair service charge has positive and significant effect on customer retention in banking services.

H_6: Customer satisfactions have a direct relationship with customer retention.

H_7: Corporate image have a positive relationship with customer retentions program in banks.

1.6 Significance of the Study

The study have been expected to suggest possible solution for the proposed problem that the banks will employ in order to tackle constraints related to attracting new customers and retaining existing customers. Moreover, the study will add value to the banks management since it will fill the current gaps that specified in research problem.

Besides to the above significances, the study will support the targeted banks to know how to retaining the current customers that have more advantageous than attracting the new customers. It will also be used as related literature by other researchers in the same field.

1.7 Delimitation (scope) of the study

This study is limited to investigate the determinants of customer retention on selected small scale size private commercial banks operating in Addis Ababa city only, and the findings may be not generalized to other small and medium financial institutions. The study focused on the selected branches of CBO, OIB and AB that found around merkato, Bole and kazanchis area within Addis Ababa city.

1.8 Limitation of study

The researcher tries to accomplish the objective of the study successfully. But it was difficult to know whether the respondents are truly given the exact information and the changing of customer preferences and opinions are supposed to be the main limitation that may hinder the successful accomplishment of the paper.

1.9 Organization of the Research Report

The research paper has five chapters. The first chapter is introductory or background of the study. The second chapter deals with literature review in which critical review of relevant previous scholars work in the research topic is presented. The third chapter discuss about research design and methodology that is used to undertake the research. It includes the design of the study, the sample size, source and tool of data collection, instrument development, procedure of data collection and data analysis method. Chapter four discusses the findings of the study with data analysis, presentation and interpretation. Finally, the fifth chapter will include summary of findings, conclusions, limitations of the study that could affect the recommendation.

Chapter Two

2. Related Literature

2.1 introduction

Customer retention refers to customer's stated continuation of a business relationship with the firm (Timothy,Bruce, Larzan & Jao, 2007). The essence of any business is to create value for the stakeholders, and this value creation as a measure of performance, can only be generated through the provision of goods and services that are required to meet consumers' needs. There are various theories on the essence of business which include: profit maximization, survival, growth in the market share, etc. (Peter, 1998). Achieving good returns on investment by corporate executives in the era of boom generally involves the coordination of marketing, sales and services to meet customers' satisfaction. During this period, margins are high, there are increases in purchasing power, and also, high proportion of the population will be in employment as a result of macro-economic stability with attendant multiplier effects on demand for goods and services. During the period also, companies can afford to invest on aggressive growth strategy through increase in market share for more customers and place less emphasis on customer retention (Peter, 1995).

Ironically, the impact of globalization, deregulation, economic recession (or low economic growth) characterized by low Gross Domestic Product (GDP), low purchasing power and, high level of unemployment has shifted the competition battle field more to customer retention since acquisition of new customer is difficult. It is a disputable fact that the cost of acquiring new customer is higher than that of retaining existing ones. Moreover, Kotler (2003) asserted that acquiring new customers could cost five times more than the cost of satisfying and retaining customers. So also, it requires a great deal of efforts to induce an extremely satisfied customer to switch away from their current suppliers. This is because, a new customer must first of all be made to be aware of the existence of the company, its products, the channels of distribution, etc. therefore, the fallout of the situation is to generate revenue by increasing customer retention through Customer Relationship Management (Achumba, 2012).

The homogeneity of services offered and competition within the banking industry have put added pressure on banks to achieve competitive differentiation, which has led to an emphasis on service quality. Banks use service quality as a means of gaining competitive advantage. This practice is perceived to be a prerequisite for achieving high quality customer service, which is seen as the only mechanism for achieving differentiation and retaining customers in a highly competitive and homogenous industry (Ioanna, 2002).

2.2 Customer Satisfaction and Banking sector

In the study, Bennett (1992) claimed that the key to obtaining competitive advantage in the banking business is to be customer-driven. In other words, the entire aspects of the institution should concentrate on the factors that the customers hold dear and it should be willing to exceed customer expectations. Several studies evidenced that by concentrating on and delivering excellent customer satisfaction outcome, firms achieve superior profitability. Hence, improving customer service may entail training procedure or enhancement of computer information systems of the bank. While improving customer service may lead to increased tangible accounting costs, it may also steer clear of the occurrence of intangible costs. Bankers can develop quantitative data through researching customer satisfaction, in the hopes of stressing that the emphasis and delivery of exceptional customer satisfaction can lead to improved revenues that are higher than increased costs.

In order to achieve customer satisfaction, it is imperative (important) for banks to make use of different tools that varies from re-engineering of service to focusing on specific tasks. Albro's (1999) study involved a national survey of the customers patronizing 814 banks in an attempt to determine customer satisfaction. He revealed that cross selling hinges on high level of customer satisfaction. The study also revealed a very high correlation between satisfaction scores and customer's predisposition to repurchase. In short, for happy customers to provide recommendations through word-of-mouth to others, they must be satisfied.

Similarly, Anwyll (2005) stated that customer service and satisfaction are the factors differentiation a firm from its large, national competitors. Moreover, the banks branding message reads, "Great Rates. Friendly Service" and through ongoing sales and service training, it attempts to deliver what it promises to.

Satisfied customer is the real asset for any organization that ensures long-term profitability in the era of great competition. Satisfied customer repeat his/her experience to buy the products and also creates new customers by communication of positive message about it to others. On the other hand, dissatisfied customer may switch to alternative products/services and communicate negative message to others. So, organizations must ensure the customer satisfaction regarding their goods/services.

Customer satisfaction leads to better profitability by retaining existing customers and to attract new ones. Every organization deploys a reasonable amount to have satisfied customers. Satisfied customer leads to delighted customers that eventually create the sense of brand loyalty among customers.

Organization should convey an attractive message to their customers about their product mix on rationale basis because exaggeration and unrealistic promises may result in dissatisfaction among customers. Customer satisfaction is an urgent challenge for banks as it was considered in case of conventional banks. Customer satisfaction became the centre of organizational efforts. Financial institutions have experienced an intense competition and changing expectations of the customers (Cheng *et al.* 1996)

In a competitive market place, understanding customer's needs is very valuable. Therefore, companies are preferring customers over products nowadays. Satisfaction is the main source of attracting customers (Patterson et al., 1997). Customer loyalty has become a great challenge for companies in the current era (Khalifa & Liu, 2003). In banking sector, it is very important to understand the factors leading to satisfaction, which will evidently lead to loyalty. The competition is increasing day-by-day regarding services in banking sector. It has been observed that Information Technology is replacing the human labour at a rapid rate (Jun & Cai, 2001). It has been proved that organizations need to give more consideration towards customer satisfaction (Parasuraman & Grewal, 2000). Mols (2000) argued that the home-based Internet banking might lead to strong relationships with customers because customer expectations have a tendency to change over time. In the same manner, service quality is another important issue while gaining customer satisfaction. Maintaining service quality is extremely necessary in current and highly competitive banking sector (Mefford, 1993). For this, bankers need to identify the attributes affecting customer satisfaction. More research should be conducted to know about the attributes leading to customer satisfaction (Parasurman et al., 1991). Service quality has a great impact on firm's performance. Between academics customer satisfaction and service quality is considered as a distinct feature and bears great importance (Oliver, 1997). Most experts agree that customer satisfaction is a short-term measurement tool where as service quality is a long-term tool (Howcroft et al., 2011). Service quality is determined by the comparison made by the customers between their expectations and experiences.

On contrary, according to Aldisert (1994), customer satisfaction is not becoming significant in a way that some banks view it as a main element in their marketing strategies. The term 'after marketing' has also been commonly utilized to reflect the concentration on expending effort to cater to current customers in an attempt to increase their satisfaction and to retain them (Vavra, 1995).

Customer satisfaction has for many years been a key determinant in explaining why customers leave or stay with an organisation. Every organisation needs to know how to retain their customers, even if they appear to be satisfied. Reichheld (1996) suggests that some unsatisfied customers may choose not to defect, because they do not expect to receive better service elsewhere and that some satisfied customers may look for other providers if they believe they can get better services elsewhere. Customer satisfaction is viewed as an important indicator of customer retention but customer satisfaction is not always an assurance of customer retention. Retaining customers is also dependent on a number of other factors such as choices, conveniences, prices, and incomes. The links between customer loyalty and organisational profitability have been also demonstrated, suggesting that an organisation with loyal customers enjoys considerable competitive advantage (Reichheld, 1996). Loyal customers have a positive effect on customer retention but customer loyalty is not customer retention. Loyalty is only a valid concept in situations where customers have options to choose from. The main issue is that retention should not be taken as a substitute for loyalty and this suggests that banks need to understand why their consumers choose to stay and should not assume that it is a positive conscious choice (Colgate et al., 1996).

Similarly, repurchase alone is not an indicator of loyalty. In financial services, continued customer support, which might even include extending the range of purchases, can often be an indication of inertia. Behavioural patterns form only one component of loyalty and if the consumer does not demonstrate a favourable attitude towards a brand or company, there is an increased chance of switching. Customers may be lured away by attractive offers made by competitors when they experience dissatisfying incidents (Jones and Farquhar, 2003).

2.3 Measuring Satisfaction

Many companies are systematically measuring customer satisfaction and the factors shaping it. For example, IBM tracks how satisfied customers are with each IBM salesperson they encounter, and makes this a factor in each salesperson's compensation.

A company would be wise to measure customer satisfaction regularly because one key to customer retention is customer satisfaction. A highly satisfied customer generally stays loyal longer, buys more as the company introduces new products and upgrades existing products, talks favourably about the company and its products, pays less attention to competing brands and is less sensitive to price, offers product or service ideas to the company, and costs less to serve than new customers because transactions are routine. When customers rate their satisfaction with an element of the company's performance say, delivery the company needs to recognize that customers vary in how they define good delivery. It could mean early delivery, on-time delivery, order completeness, and so on. The company must also realize that two customers can report being "highly satisfied" for different reasons. One may be easily satisfied most of the time and the other might be hard to please but was pleased on this occasion.

A number of methods exist to measure customer satisfaction. Periodic surveys can track customer satisfaction directly. Respondents can also be asked additional questions to measure repurchase intention and the likelihood or willingness to recommend the company and brand to others.

Companies can monitor the customer loss rate and contact customers who have stopped buying or who have switched to another supplier to learn why this happened. Finally, companies can hire mystery shoppers to pose as potential buyers and report on strong and weak points experienced in buying the company's and competitors' products.

Managers themselves can enter company and competitor sales situations where they are unknown and experience firsthand the treatment they receive, or phone their own company with questions and complaints to see how the calls are handled.

For customer satisfaction surveys, it's important that companies ask the right questions. Frederick Reich held suggests that perhaps only one question really matters: "Would you recommend this product or service to a friend?" He maintains that marketing departments typically focus surveys on the areas they can control, such as brand image, pricing, and product features. According to Reich held, a customer's willingness to recommend to a friend results from how well the customer is treated by front-line employees, which in turn is determined by all the functional areas that contribute to a customer's experience.

For customer-centred companies, customer satisfaction is both a goal and a marketing tool. Companies need to be especially concerned today with their customer satisfaction level because the Internet provides a tool for consumers to spread bad word of mouth as well as good word of mouth to the rest of the world. On Web sites like troublebenz.com and lemonmb.com, angry Mercedes-Benz owners have been airing their complaints on everything from faulty key fobs and leaky sunroofs to balky electronics that leave drivers and their passengers stranded.

2.4 Consequences of Satisfaction and Dissatisfaction

2.4.1 Complaint

Customer complaints as a consequence of dissatisfaction can be both negative and positive for providers. According to Singh (1988), complaint behaviour as a result of dissatisfaction can be manifested in three negative forms: (1) Voiced complaints, (2) Negative word-of-mouth and (3) Legal actions. On the other hand, several authors have noted that complaints can be positive when they constitute an opportunity for improvement and service recovery. Indeed, Richens (1983) contended that complaints caused by dissatisfaction are not only inevitable, but also welcome – because they enable providers to correct the source of dissatisfaction. In a similar vein, Zenithal et al. (1996) argued that consumers with a tendency to complain are likely to be consumers who are generally satisfied with the service, but who are giving the provider an opportunity to rectify the cause of dissatisfaction. In the specific context of banking services, Levesque and McDougall (1996) contended that complaints give banks an opportunity to turn dissatisfaction into satisfaction if the provider accepts responsibility for a problem and actively seeks to find a solution(Jiao and Rodrigues, 2011).

2.4.2 Word of mouth

Nell (1992) demonstrated that there is a positive correlation between customer satisfaction and positive word-of-mouth; in other words, satisfied consumers are more inclined to express a preference for a service provider and recommend that provider to others. Other authors have confirmed that a significant positive relationship exists between perceptions of superior service quality and consumer recommendation to other potential customers (Jiao and Rodrigues, 2011).

2.4.3 Re-purchase intention

Repeated purchases over time are the aim of any organization. It has been shown that satisfied consumers are more loyal and have greater repurchase intention. In the context of banking services, Molls (1998) showed that customers who use internet have greater repurchase intention, and demonstrate less sensitivity to price (Jiao and Rodrigues, 2011)

2.4.4 Price Sensitivity

Although automation has enabled providers to offer cheaper transactions, there is evidence that satisfied customers are actually less price-sensitive than dissatisfied customers. In the banking sector, Molls (1998) found that internet bank users are less price-sensitive.

In finance service charge is termed as the amount of payment requested by the seller of services. Service charge as well as price is determined by several factors such as willingness of the buyer to pay, willingness to accept, costs, mark-up, legal environment, intensity of competition price substitute products, etc. Price fluctuations in many service industries results in price-performance and the level of price-performance stability moderates the relationship between performance potential and successive performance and satisfaction judgments. The perceived price fairness related to different level intangible services has direct or indirect effect on customer loyalty in case of banks.

Real price competitiveness is an important determinant of customer value. Price satisfaction increases the value perception and there is a direct relationship between price and value (Ralston, 2003). Price has an impact on customer buying behaviour and value perception. Service charge needs special consideration to assess value perception of customers, not generalized along with other factors. Customer satisfaction is affected by the service charge awareness. Price level, value for money and special offers may result in both satisfaction and dissatisfaction and price fairness and price perceptibility may result in dissatisfaction for customers (Zielke, 2008). In addition to the various levels of product/service price, mixtures of price awareness dimensions have potentiality to intimidate the customers' satisfaction Matzler et al., 2006). Perceptions of customers about service charge fairness have been major concern due to huge interest of mass people (Xia et al., 2004, Martin et al., 2009). Therefore, Customer satisfaction is positively influenced by perceived value. The extent of satisfaction depends on extent of perceived value and higher level of perceived value lead to higher level of customer satisfaction (Kuo et al., 2009; Turel and Serenko, 2006). Customer satisfaction tends to positive post purchase behaviour, thus, satisfaction plays a mediating role in the relationship of perceived value and behavioural intentions (Lin and Wang, 2006). Among the determinants of satisfaction perceived value is the important one and perceived value plays mediating role between service or product quality and customer satisfaction (Chen and Tsai, 2008). Service quality and fair service charge both have significant, direct effects on perceived value. Then, perceived value influences on customer satisfaction that lead to positive behavioural intentions, i.e. customer loyalty (Lai et al., 2009)

2.5. Corporate Image

Corporate image has been used as a synonym for concepts such as message, reputation, perception, cognition, attitude, credibility, belief, communication and relationship". According to Lai et al (2009) corporate image is a perception of an organization held in customer memory and works as a filter which affects the perception of the operation of the company. Another definition of corporate image is the overall impression made on people about an organization (Barich and Kotler, 1991), Nguyen and Leblanc (2001) state that corporate image is related to the physical and behavioural attributes of the firm, such as business name, architecture, variety of products/services, and to the impression of quality communicated by each person interacting with the firm's clients. In the same line, since customer satisfaction is depicted as a judgment made on the basis of a specific service encounter (Cronin and Taylor, 1992). Satisfaction levels derived from each service encounter are believed to have an effect on image assessments (Nguyen & Leblanc, 1998).

Today's consumers have more choices for their financial needs than ever before. Technology, globalization, increased competition and increased consumer mobility have dramatically changed the way people bank (Harwood, 2002). Many financial institutions are looking at branding techniques to differentiate themselves. Harwood (2002) argued that branding, as a tool to build image, is critical in the banking industry where all firms offer about the same kinds of products. Hence, it is critical that banks have a comprehensive knowledge of customers' values, attitudes, needs and perceptions of various services the bank offers and the image which customers have of the bank itself (Kaynak, 1986a, 1986b). Accordingly, bankers must be able to build and manage their bank's image in order to clearly define the differences between their bank and its competitors.

Bharadwaj et al. (1993) argue that services are highly intangible and are therefore, high in experience and credence qualities. As a consequence, brand reputation is important as a potential competitive advantage. Alvarez (2001) proposed that logic is no longer enough to sell the benefits of an intangible product or service, especially with commodity products and sceptical consumers. This situation calls for emotion or image to change the perception of the audience in any real or profound way (Alvarez, 2001).

Furthermore, both Mathura (1988) and Gronroos (1984) proposed image as an alternative to product differentiation.

2.6. Bank reputation

Reputation plays an especially vital strategic role in service markets because, the pre- purchase evaluation of service quality is necessarily vague and incomplete. It is apparent that bank reputation also plays an important role in the determining of purchasing and repurchasing and behaviours of customers (Wang and Hing, 2003). According to (Barich and Kotler, 1991; Andressen and Lindestad, 1998) customer loyalty is similarly enhanced especially in retail banking industry where quality cannot be evaluated accurately before purchase. It is also widely acknowledged that a positive reputation is a strategic factor that can be employed to earn above average profit (Weigelt and Camerar, 1988). Nguyen and Leblenc (2000) defined reputation as an effective means of predicting the outcome of the service production process and can perhaps be considered the most reliable indicator of the ability of a service firm to satisfy a customer's desires.

Economists have analyzed issues of reputation in relation to product quality and price (Shapiro, 1983), Gatewood et al, (1993) and Shapiro (1983) described reputation as a combination of tough competitor, providing a good place to work and having quality products. A good reputation among different stakeholders provides several benefits such as higher customer retention (Caminiti, 1992; Preece et al, 1995) thus increasing repurchases and higher product prices (Shapiro 1983) which both lead to higher income as well as lower costs via reduced personnel fluctuation (Ceminity, 1992; Dowling, 1986; Edson and Master,2000; Preece et al, 1995; Nakra 2000).

2.7. Relationship between Corporate Image and Customer Loyalty

Many financial institutions agree that building brand awareness and positive perception of brands are cumulative and sometimes painstaking processes. Every brand should be looked at as a promise of certain provider attributes and values such as promise of quality, level of service and performance to be expected (Alvarez, 2001). Furthermore, branding is a customer-focused activity. Brands exist to help consumers make choices among several products or services. A well-managed brand with a strong image can increase customers and build a more loyal franchise (Bergstrom and Bresnahan, 1996)

Nguyen and Leblenc (2000) defined reputation as an effective means of predicting the outcome of the service production process and can perhaps be considered the most reliable indicator of the ability of a service firm to satisfy a customer's desires.

2.8 Technology Based CRM

CRM technologies are the medium and tools which enable the firms to get the appropriate information to the right person at the right time (Massey et al., 2001). The impact of Technology on CRM projects through its capability in collecting, storing, analyzing, and sharing both current and potential customers' information in ways that have greatly enhance employees' ability in responding to the needs and request of the individual customers and therefore leading to better ways of attracting and retaining customers (Yueh et al., 2010; David and Wendy., 2009; Keota and Kailas., 2007; Nguyen et al, 2007; Sin, et al., 2005). Technology is said to be playing an important role in any CRM projects through its capacity to add value to a company's intelligence performance (Yueh et al., 2010; Kyootai and Kailas, 2007). The advent of CRM has assisted the establishment of information intensive strategies which encompasses computer technologies in building and retaining long term relationships, by leveraging the existing technology and strategically linking technology deployment to alternative targeted strategic business units (Sin et al, 2005). It is worth mentioning here that the invention of technology in relationship management has to a great level assisted employees in all contact points to serve customers better, a strong indication that without technology, many customer centric programs would be impossible (David and Wendy, 2009; Keota and Kailas., 2007; and Sin et al., 2005).

The technology components of CRM include front-office applications that support sales, marketing, and service and back-office applications that help integrate and analyze the data (Greenberg 2001; Jayachandran et al. 2005). The front-office components of CRM facilitate efficient information flow between a firm and its customers through reciprocal communications and by enabling the routing of information to appropriate employees in sales, marketing, and service. Thus, CRM implementation tries to facilitate the smooth dissemination of customer knowledge throughout the organization to improve the quality of decision making (Ryals 2005). The back-office parts of CRM include database and data-mining tools that help identify and track customer needs better and faster. Creating a database of centralized customer information is a critical aspect of a firm's CRM activities. The data-mining tools offered with CRM enhance firms' understanding of customer behaviour and enable more appropriate customization of their products and services.

The back-office components of CRM technology also facilitate the integration of customer information that originates from multiple sources because customers interact with a firm through various points, such as sales, marketing, and service.

2.9. CRM for Competitive Advantage

Competition is at the core of the success or failure of a bank as well as all the firms.

According to porter (1985), competitive strategy is the search for a favourable competitive position in an industry, the fundamental arena in which competition occurs.

Competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition.

In principle, CRM focuses on building long-term and sustainable customer relationships that add value for both customer and the company. It is regarded as a process of computerizing a staff's knowledge about his or her customers because customer relation staff would normally need to remember their clients' requirements, behaviours, tastes and preferences in a usual business process.

Recently, Customer Relationship Management appears in the areas of marketing as an expansion in the domain of relationship marketing, it focuses on customer retention and relationship enhancement.

In a highly competitive market, the shortest route to differentiation is through the development of brands and active promotion to both intermediaries and final consumers (Parasuraman, 1997). In the long run, however, branding, targeting and positioning would all be much more effective if the supplier had some tangible advantage to offer consumers (Baker, 1993). This is evident in the banking industry, where many banks are providing more or less the identical products for nearly the same price. Unless a bank can extend its product quality beyond the core service with additional and potential service features and value, it is unlikely to gain a sustainable competitive advantage (Chang, Chan, and Leck, 1997). Thus, the most likely way to both retain customers and improve profitability is by adding value via a strategy of differentiation (Baker, 1993) while increasing margins through higher prices.

Today's customers do not just buy core quality products or services; they also buy a variety of added value or benefits. This forces the service providers such as banks to adopt a market orientation approach that identifies consumer needs and designs new products and redesigns current ones (Ennew and Binks, 1996; Woodruff, 1997). Further, competitive pressures then push other financial service firms to actively target consumer segments by integrating service quality, brand loyalty, and customer retention strategies (Ennew and Binks, 1996).

2.10 Service Charge

Price or cost has a significant role to play in the purchasing decision of a customer in the 2013, Vol. 3, No. 1 service sector, particularly in the finance and banking industry (Hanif et al., 2010). Price or cost fairness is measured as consumers' perception of whether a price for a product or service is reasonable and justifiable (Kukar-Kinney, Xia and Monroe, 2007: Xia, Monroe and Cox, 2004). Prior research revealed that a customer's perception of an acceptable price positively influences his or her satisfaction level and loyalty or repurchase (Martin-Consuegra, Molina and Esteban, 2007). A study by Herrmann et al. (2007) found that customer satisfaction is directly influenced by price perceptions. The way a price or cost is determined and offered (transparency) have a significant impact on customer satisfaction. However, service costs are rarely truly transparent even though they are included in the fine print of contracts and agreements (Matzler et al., 2006). If perceived quality is more than perceived cost, then customer value is high; but if cost is more than quality, then customer value is low (cost or price-quality ratio concept) (Matzler et al., 2006). Consequently, perceived value (cost or price-quality ratio) is considered very important.

Takala, Bhufhai and Phusavat (2006) explained another important factor regarding importance of customer satisfaction: that perceived value both directly and indirectly influences customer satisfaction. In some industries, quality may have a significant positive relationship on customer satisfaction, which may not be the case in other industries (Al-Hawari and Ward, 2006). Banks have come under a lot of scrutiny over costs charged to customers for servicing their accounts and loans (Akerman, 2011), which can be described as service charges. Transparency of fees are important for customers but most times customers using credit cards and other bank services are charged hidden fees of which they were not aware (Kain, 2011).

A study of compliance with Basel Committee on Banking Supervision – issued the Core Principles for Effective Bank Supervision (BCPs) and bank soundness found that countries where banks are required to accurately and regularly report their financial data to regulators and market participants are more highly rated using the Moody's financial strength rating scale.

Customers are gaining power over service providers through "access to information, access to more alternatives, more simplified transactions, increasing communication between customers, and a general distrust and resentment among customers" (Urban, 2003 in Matzler et al., 2006, p.219). There is increasing customer demand for open, honest and complete information on services and their costs. Thus, price transparency exists when the retail banking customer can easily get current, on-ambiguous and clearly articulated bank charges effortlessly.

2.11. Definition of Service and Service Quality

Business is a legal activity that is undertaken to earn a profit. Business activities can be divided into three categories i.e. manufacturing (conversion of inputs into outputs by a transformation process); trading (buying and selling of goods) and services (provision of benefits for reward or fee). Service is defined as a set of benefits delivered from a service provider to the service consumer. The service firm provides benefits (due to competency, skills, knowledge and experience etc.) to the customers for the sake of reward (fee, salary, wages, etc.). Services may be coaching, teaching, consultancy and other modes to facilitate the customers.

According to Douglas & Connor, (2003, p.166) the intangible elements of a service (inseparability, heterogeneity and perishability) are the critical determinants influencing service quality perceived by a consumer. This means that a service must be well defined by the provider in terms of its characteristics in order to understand how service quality is perceived by consumers. According to Johns, (1999, p.954), a service could mean an industry, a performance, an output, an offering or a process and it is defined differently in various service industries. The differences in service industries are based on the characteristics of service which include; intangibility, heterogeneity, pershability and inseparability. Intangibility means there is no physical product, nothing to be touched, tasted, smelled or heard before being purchased and this therefore means that it is difficult for consumer to understand the nature of what they receive. An example would be a telecommunication company offering mobile services to consumers; here the consumer makes just calls and does not receive any physical product. In grocery stores, it is very difficult to evaluate intangibility because their activities are centred on the physical products. This means that service providers must try to determine the level of intangibility of services and try to include tangible elements that could aid understanding of expectation from the consumer's perspective (Beamish & Ashford, 2007, p.240). Heterogeneity means that, difference which comes at the level of delivery of service due the difference in human behaviour of those offering services and the consumer. Example occurs when salesperson offers assistance to one customer at the counter, that same person cannot offer exactly the same thing to the next customer because of differences in behaviours. This is why it is difficult to determine the quality and level of service provided since consumers and service providers are different, the same consumer could act differently with the same service provider. Perish ability means that, since services are produced and consumed at the same time implying they cannot be stored for later usage. If the service is not used then, it cannot be used again. This does not however hold in every service industry. An example occurs when a person books a hotel room for a night and does not use it, no other person can use at that same time.

Inseparability means services are consumed as they are purchased. An example is seen when a consumer is making a telephone call, he/she consumes the service while paying the charges. This implies that the consumer is involved in the production and delivery of the service meaning he/she takes special note of what is actually produced by the service provider (Beamish & Ashford, 2007, p.240).

These above mentioned aspects of service make it very difficult measure service unlike product quality which is measured objectively using factors such as durability and number defects because of its tangible nature quality.

Banks provide financial inter-mediation, consultancy and agency services that are diversified with the passage of time. Services are different from goods because they are intangible as they cannot be seen, touched or felt; perishable as we are unable to store them; inseparable because they are attached with a service provider, and insubstantial due to heterogeneity.

Parasuraman et al. (1985) argued that evaluation of service quality is difficult as compared to physical goods. Physical existence of goods facilitates the customers to buy them due to its aesthetic (visual) characteristics. Services are considered as intangible because we are unable to see, touch or feel them (Hoffman and Bateson, 2002).

Hanson (2000) suggested that service quality shows the organization's ability to meet customers' desires and needs. So organization must improve their services to meet the customers' wants and requirements. It is found that customers' perception of service quality is very important for managers to compete in the market (Hoffman and Bateson, 2002

Quality is an ability of any product to meet customers' expectations and requirements. It is a set of features, characteristics or attributes that are required or expected by the customers. There are several studies that found a relationship between the service quality offered by banks and its consequences as satisfaction level among customers. It is reported that quality is observed as a major factor in reference to customer acquisition and retention.

Morre (1987) identified that concentration on service quality leads to differentiation that enhance the competitive position of the organization for long term benefits. Service quality and customer satisfaction became core issues for the successful survival of any service organization. Service quality is considered very important indicator towards customer satisfaction (Spreng and Machoy, 1996). Service quality got popularity among professionals and academia due to increased competition. It contributes a lot to gain competitive advantage to maintain long-term relationship with customers (Zeithmal et al. 2000)

There are two perspectives regarding service quality i.e. one is European and other is Americans. European researchers concentrate on functional and technical aspects of services having a keen analysis of organization's image (Gronroos, 1982, 1984; Lehthinen and Lehthinen, 1982). They focus on three dimensions of service quality to measure the performance of any product by considering functional quality, technical quality and corporate image. Service quality is defined as a discrepancy between expected and perceived service. It is said that service quality is the outcome of customers' comparison between expectations and performance (Gronroos, 1982).

The Americans' perspective is concentration on functional quality to measure the performance of services (Parasuraman et al. 1985, 1988, 1991; Kang and James, 2004).

They investigated the service quality of different industries by dividing the service quality into five dimensions: tangibility, reliability, responsiveness, assurance and empathy. Firstly, they identified ten dimensions but finally service quality is refined to five dimensions (Parasuraman et al. 1985, 1991).

Parasuraman et al. (1985, 1988) defined service quality as customers' evaluation between service expectation and service performance. They compared customers' responses regarding their perceived quality of services and their pre-purchase expectations.

It is said that service quality represents the answers to some queries like what is expected by customers? What is delivered? Finally is there any difference? (Woodside et al, 1989).

Asubonteng et al. (1996) defined service quality as the difference between customers' expectations about the service before its use and their perceptions after receiving the service. Quality factors vary from one to another in reference to the importance and their impact on the satisfaction level of the customers. It was found that specific activities like increasing the speed of processing information have resulted in delighted customers.

Similarly, improvement in the reliability of equipment lessened dissatisfaction (Johnston, 1997). However, it was reported that service quality is the subjective comparison between what the customers require and what they actually get (Gefan, 2003).

2.12 .Dimensions of Service Quality

There is an ongoing discussion about the service quality and its dimensions. But there is a lack of consensus in the literature about the uniform dimensions among researchers. It may be due to demographics, cultural, religious, geographical or other attributes that vary from one country to another. Apparently, there are two perspectives of service quality: Europeans and Americans. Service quality is a multilevel and multidimensional concept, which varies in meanings among researchers (Cronin *et al.*, 2000).

Gronroos (1982) identified three dimensions of service quality as technical quality (actual outcome of the service); functional quality (service delivery process by interaction between service provider and service recipient); and corporate image (perception of customers about service organization). Similarly, in another study three dimensions of service quality are identified i.e. physical quality; corporate quality and interactive quality (Lehthinen and Lehthinen, 1982). Both studies reflect almost the same characteristics of the service quality.

Parasuraman *et al.* (1985) investigated the different service industries and explored 10 dimensions of service quality i.e. tangibility, responsiveness, reliability, courtesy, access, credibility, communication, competence, understanding, and security. They continued their research to purify the dimensions of service quality and developed a widely used research instrument called SERVQUAL. It is equally applicable in different service industries including banking industry. They refined these dimensions and summed up into five dimensions like reliability, responsiveness, tangibility, assurance and empathy (Pararsuraman *et al.* 1988).

Gronroos (1990) explored six factors of service quality: attitude and behaviour; skills and professionalism; accessibility and flexibility; reliability and trustworthiness; recovery; reputation and credibility.

Johnston (1997) identified 18 dimensions of service quality to measure the performance of service industries: aesthetic, availability, attentiveness, access, care, cleanliness, comfort, commitment, communication, competence, courtesy, friendliness, flexibility, functionality, integrity, reliability, responsiveness and security.

Parasuraman *et al.* (1985, 1988, 1991) tested research instrument in different industries like banking, insurance and telephone repair industry. The reliability and validity coefficients of SERVQUAL were very high and increased its acceptability all over the world. It is also widely used by the researchers to assess the service quality in the banking sector. The dimensions of service quality are frequently studies by the researchers according to their own local environment, cultural and socioeconomic conditions. There are numerous studies that identified a number of dimensions due to lack of global dimensions.

Parasuraman *et al.*, (1988, 1991) developed SERVQUAL instrument to measure the dimensions of service quality that is frequently used by researchers. It consists of 22 items that are compiled into five dimensions: tangibility; reliability; responsiveness; assurance and empathy.

Reliability– This dimension shows the consistency of services towards performance and dependability.

Tangibles- It shows the physical aspects of the services as physical facilities, appearance of personnel and tools & equipment used for provision of services.

Responsiveness-It reflects the willingness or readiness of employees to provide quick services to customers.

Assurance- This dimension indicates the employees' knowledge, courtesy and their ability to incorporate trust and confidence.

Empathy- This dimension shows the magnitude of caring and individual attention given to customers.

2.12.1 Reliability

Reliability is the ability to perform services dependably and accurately in a consistent manner. It contains five elements to assess the accuracy and credibility of bank services. This dimension of service quality evaluates the promises of banks and its execution from customers' point of view. Reliability is very important determinant of product quality besides good personal service, staff attitude, knowledge and skills (Walker, 1990).

Berry and Parasuraman (1991) reported that reliable service is the outcome of the continuous improvement. Similarly in another study, it is found that service reliability is the service "core" to most customers. So managers should use every opportunity to build a "do-it-right-first" attitude (Berry *et al.*, 1990).

2.12.2 Tangibility

This dimension shows the physical aspects of the services as physical facilities, appearance of personnel and tools used for the provision of services. It is more concerned with aesthetic part of the banks. It is found that customers prefer tangible dimension of service quality in UAE banking industry (Jabnoun and Al-Tamimi, 2003).

Zineldin (2005) studied the product/service quality and customer relationship factors in Sweden. It is found that a bank can create customer relationships by delivering added tangible and intangible elements of the core products. Strong competitive positions are the outcome of product/service quality and differentiation.

2.12.3 Responsiveness

This dimension reflects the willingness or readiness of employees to provide quick services to customers. Customers are very keen to employees' behaviour in services industry especially in the banking industry. It was reported that customers are very sensitive to employees' working environment in service organizations (Brown and Mitchell, 1993). The correct match between staff skills and customers' expectation result in better service quality towards customers.

Service recovery and problem solving have been recognized as important parts of services quality (Nelson and Chan, 2005).

Tahir and Abu Bakar (2007) investigated service quality and customer satisfaction of commercial banks by using SERVQUAL in Malaysia. They found that responsiveness is rated as the most important dimension of service quality. It found that accurate communication, proper service delivery and effective conflict handling results into overall customer satisfaction regarding bank services in Malaysia (Nelson, 2006).

Möller (2007) in his research assessed customer expectations based on service quality factors for retail banks across ten countries in Africa. Specifically, the objectives were to determine whether cross-national differences in customer service expectations existed in the African retail banking sector, to identify relative importance of key service dimensions in African retail banking and to determine whether or not those service expectations were constant over time.

Results from the study led to suggest that core dimensions such as responsiveness (driven by staff efficiency and shorter queues) and reliability (performing dependably and accurately) were more important while relational issues surrounding assurance and empathy were of less importance.

2.12.4 Assurance

This dimension indicates the employees' knowledge, courtesy and their ability to convey trust and confidence. Service quality is also linked to the customer satisfaction as how employees use their knowledge & courtesy and their ability to incorporate trust and confidence. Parasuraman *et al.* (1988) reported assurance as an essential dimension of service quality after reliability and responsiveness towards satisfaction. It is found that a bank can create customer satisfaction by ensuring trustworthy behaviour and reflection of genuine commitments to service provision (Nelson and Chan, 2005).

Arasli *et al.* (2005) identified that assurance dimension of service quality has the strongest impact on customer satisfaction that leads to positive word of mouth outcome.

In another study, overall customer satisfaction was examined in reference to relationship quality in retail banking sector of Malaysia. The results indicated that trust and commitment are important factors for customer satisfaction regarding relationship quality (Nelson, 2006). 2.7.5

2.12.5 Empathy

This dimension shows the magnitude of caring and individual attention given to customers. In the banking sector customer care and individual attention is indispensable for the better performance due to stiff competition. Bank customers considered empathy as an important dimension of service quality (Jabnoun and Al-Tamimi, 2003). It is suggested that employees' commitment to deliver quality services, skillfully handling of conflicts and efficient delivery of services resulted in satisfied customers for long term benefits (Nelson and Chan, 2005).

Malhotra *et al.* (2005) examined the difference in perceptions of service quality dimensions between developing and developed countries. They found that in developing countries like India and Philippines results were systematically and significantly different. It is found that empathy is least preferred dimension of service quality by the customers of commercial banks in Malaysia (Tahir and Abu Bakar, 2007).

Reliability is largely concerned with the service outcome while others related to the service process. Leeds (1992) reported that service quality primarily depends upon the dealings of bank personnel. It was found that approximate 40% of customers switched their current bank due to poor services and nearly three quarters of banking customers gave the highest preference to tellers' courtesy. Customers of private banks have higher expectations and perceptions as compared to the customers of public banks in Greece (Kangis and Voukeates, 1997).

Longo (2000) suggested that bank managers should be more aware about the significance of quality improvement efforts to gain competitive position in the market. The results of these efforts are slow and sometimes have little influence. Customers' perception of service quality is strongly dependent on customers' values and beliefs that vary from one culture to another (Furer *et al.*, 2002).

Gounaris *et al.* (2003) explored the service quality in Greek banking industry. The study showed that the magnitude of the influence of each dimension of service quality on customer satisfaction is considerably differs. It is reported that technological factors of service quality are more important as compared to human factors of service quality in Indian banking industry (Sureshchander *et al.*, 2003). It is said that there is direct and positive relationship between perceived quality and level of satisfaction (Iglesias and Guille´n, 2004). Similarly, it was found that expectations of bank customers were not met due to major gap in the empathy dimension. On the other hand, assurance has significant impact on the customer satisfaction of bank customers (Arasli *et al.,* 2005).

Jabnoun and Khalifa (2005) proposed a measure of service quality and then tested it in conventional and Islamic banks in UAE. They found that four dimensions: personal skills, reliability, values, and image are significant in case of conventional banks. While only personal skill and values were found significant in Islamic banks. Similarly, service quality is examined by conducting a survey of 300 bank customers in Thailand. The study depicted that reliability; serviceability and durability are the most important dimensions of service quality in the banking sector (Leelapongprasut *et al.*, 2005).

Al-Hawari and Ward (2006) found that customer satisfaction plays an inter-mediator role in the relationship between service quality and financial performance of the banks in Australia. An empirical study was conducted in UAE banking sector to investigate the service excellence. It found a positive relationship between service quality and satisfaction (Liang and Wang, 2006

Glavell *et al.* (2006) conducted an empirical analysis of customers from five Balkan countries. The study investigated the customers' views towards service quality offered by banks. It was found that there is a significant difference in customers' perceptions of service quality in different countries.

Greek customers have highest perceptions towards service quality. It is suggested that service quality should be ensured by implementation of total quality management techniques in the banking sector (Al-Marri, Ahmad and Zairi, 2007).

It is evident that political, technological, environmental and socioeconomic factors influence the service quality perceptions of customers. Service quality offered by banks is examined by a comparative study of Bulgarian and Greece banks. The study suggested that there is a difference about the perception of service quality among customers of different countries. Findings show that Greece customers have higher levels of service quality perceptions as compared to Bulgarian customers (Petridou *et al.*, 2007). Customers perception of service quality could be affected by the demographic features of the customers especially gender. It is concluded that gender influences the customer perception of service quality in the banking sector.

2.13. Customer Retention

Customer retention as a concept has its root from the planned behaviour theory and is something that consumers may exhibit to brands, services and products or activities. Customer retention has been conceptualised as a dimension of a customer loyalty construct (Zeithaml, Berry & Parasuraman, 1996). It implies a long-term commitment on the part of the customer and the firm to maintain the relationship.

The development of the mutual commitment is the same process as creating long term buyer-seller relationships. According to Aspinall, Nancarrow, and Stone, 2001, even though the meaning and measurement of customer retention varies across industries, there seem to be a general consensus that a firm that focuses on customer retention by using the appropriate strategies can enjoy some economic benefits. (Buttle, 2004).

The benefits of retaining customers to the organisation are higher margins and faster growth, derived from the notion that the longer a customer stays with an organisation, generally the higher the profit.

2.14 Benefits of customer retention

Having a customer retention strategy in place is very important, but there may be more benefits to employing these strategies than many business owners know. While maintaining clients and customers is very important, these strategies can also help with advertising, business growth and overall employee satisfaction. The benefit of retaining customers takes the same form as of customer retention, i.e. it is more specifically, and it addresses both economic benefits and non-economic benefits.

Arguments which justify the strategy of retaining customers as opposed to acquiring new customers are underpinned by microeconomic theory and, in particular, the concept of customer LTV. The assumption is that, in a relationship, a seller seeks to minimize their costs and maximize their revenues.

Customer retention helps increase revenue through increases in sales volume and/or premium prices as well as reducing the expenses or costs of generating those revenues.

An increase in retention rate has been argued to have led to a corresponding increase in profit (Dawkins and Reich held, 1990; Reich held and Kenny, 1990; Reich held and Sasser, 1990; Reich held, (1993/1996,) Reich held (1996) identified six economic benefits of retaining customers: (1) savings on customers' acquisition or replacement costs, (2) a guarantee of base profits as existing customers are likely to have a minimum spend per period, (3) growth in per-customer revenue as, over a period of time, existing customers are likely to earn more, have more varied needs and spend more, (4) a reduction in relative operating costs as the firms can spread the cost over many more customers and over a longer period, (5) free of charge referrals of new customers from existing customers which would otherwise be costly in terms of commissions or introductory fees and (6) price premiums as existing customers do not usually wait for promotions or price reductions before deciding to purchase, in particular with new models or versions of existing products.

The assertion that retention has non-economic benefits is underpinned by behavioral or Psychological arguments. Morgan and Hunt (1994) argued that, in a network comprising partnerships with external parties, namely buyers, suppliers, competitors, governments and non-profit organizations and with internal parties, namely employees, departments and business units, commitment and trust in relationships engender cooperation, acquiescence, a reduced tendency to leave the network, reduced uncertainty and the belief that convict will be functional (when disputes are resolved amicably). Existing customers can not only provide feedback about products and services, but also work together with suppliers to add value to a particular product by improving its functional features or by modifying the manufacturing or work processes which use the product.

2.14.1. Customer Loyalty

The primary benefit associated with a good customer retention strategy is customer loyalty. In a nutshell, this means providing products and services in such a way that consumers are not interested in looking to the competition for better or cheaper alternatives. In today's economy, getting the best possible products for the best possible price is a necessity for a majority of the population, and a company that cannot provide this is not likely to do very well against its competition. Similarly, businesses that cannot provide effective and courteous customer service are not likely to maintain loyal customers.

2.14.2 Word-of-Mouth Advertising

When consumers feel that they can remain loyal to a particular company, they are more likely to spread the word to friends and family members whenever the situation arises. For instance, a consumer who has used the same cleaning company for five years because they provide an excellent service at an affordable price is much more likely to recommend that company to a friend in conversation. Remember, however, that poor customer experiences spread like wildfire. In order to achieve a helpful level of word-of-mouth advertising, companies must go above and beyond to impress their clients and avoid negative experiences at any cost.

2.14.3 Business Growth

The primary goal of any business is to expand and grow, thereby increasing revenue. Part of this involves gaining new clientele, and without the ability to retain existing customers, this is almost impossible. When a business creates and employs a good customer retention strategy, these practices will spill over into other areas. As a result, more consumers become interested in what the company has to offer and the business will grow and expand. People in other parts of the country will learn about the business's dedication to customer satisfaction and begin to enquire about services in their locations. This creates a new demand for the products or services and helps a business continue to thrive within its industry.

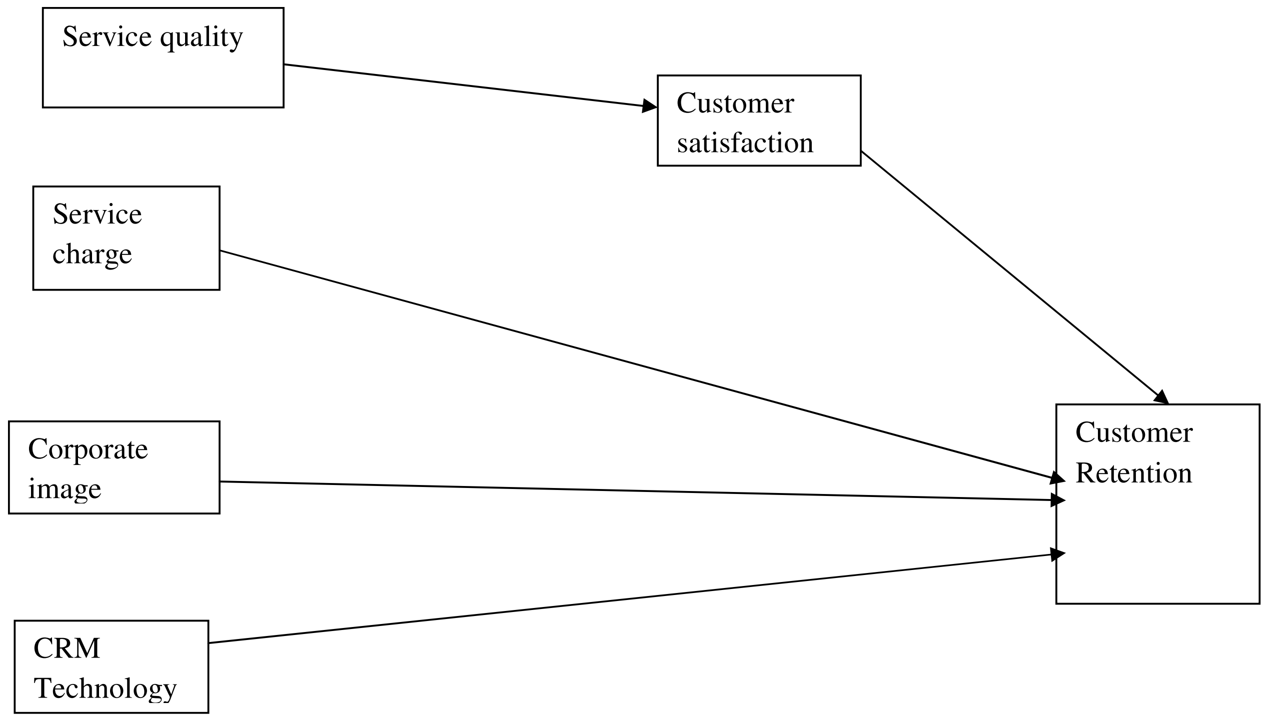
2.14.4 Employee Satisfaction

When it comes to customer retention, most of the emphasis is placed on the actual customers and clients that frequent a place of business. It is also important to note that the employees of a business can benefit from these strategies in multiple ways. First, by being part of a successful business, they gain a sense of security. Also, when the clients and customers are happy, the employees are more likely to enjoy coming to work each day. Finally, by being part of a business that is well-known for customer satisfaction and repeat business, they can take pride in their brand, and this leads to increased productivity and overall employee satisfaction. Customer retention strategies are great ways to keep a business growing strong despite a weak economy or stiff competition. Aside from simply providing benefits to consumers, these strategies can benefit the employees and help a business realize success. (http://www.customer retentionstrategies.org/Benefits-Of-Customer-Retention-Strategies.html)

Many researchers and academicians have been highlighted the importance of the customer retention. Colgate & Kinsella (1996), Woodruff (1997), and Jones et al. (2000) investigated that most valuable asset for the companies is their existing customer. Other researchers such as Reichheld and Sasser (1990), and Fornell (1992) exposed that longer customer associations are pleasing for the reason that they are very lucrative or profitable for organizations. Albinsson and Hansemark (2004) said satisfaction is a customer perception about the organization services.

2.15. The Conceptual Research Model

From the theoretical frame works discussed in literature and the practical issues observed at the banks operation, the researcher was tried to propose a model that would explain the impact of CRM on customer retention in Small Scale Private commercial Banks. Moreover; the model has taken from works of Sin et al.; 2005 and Yim et al.; 2005 to explore the concepts of CRM applications in the CRM customer contact centre industry with slight modification and addition of new dimension/variables in order to check whether it works in banking industry or not. However, the previously developed conceptual models do not incorporate variables like service charge and corporate image and the researcher try to understand how the bank would apply the CRM program as core strategies in addition to the customer centric program to gain a competitive advantage over its rivals. The conceptual model is shown in the figure 2.1



Source**:** *Adopted from the works of (Sin and Yim et al.; 2005) Impacts of CRM Dimensions in* Contact Centres with modifications and additions of other variables.

CHAPTER THREE

RESEARCH METHODOLOGY

The methodology is simply the systematic way in which the researcher will attempt to find the answers to the research questions. Methodology refers the overall approach to the research process, from the theoretical foundation to the collection and analysis of the data.

On the other hand research methodology is the way of systematically solving the research problem. Thus, under this particular chapter, the research methodologies that the researcher was followed in order to collect information from target respondents, analyze it, interpret, present and provide a necessary recommendation was briefly discussed.

3.1. Research Method

The research method employed in this study is both descriptive and explanatory. It is a descriptive research because the demographic characteristics of respondents were described by computing their frequency, and mean as well as the determinants of customer retention items was described through mean score and grand mean. Besides it also an explanatory since the researcher has explained the relationship between the customer relationship management variables and customer retention and how these dimensions can affect customer retention

3.2 Research Approach

The researcher has used quantitative research methods in this study to investigate the variables that have significant effect on customer retention in small scale size private commercial Banks in Addis Ababa city branches. The researcher was followed the positivism research approach because the subject of the study will independent of and neither affect or affected by the subject researched. It is also a deductive approach because theory and hypotheses are developed first and research strategy is designed to test the formulated hypothesis. Here the main task of the researcher is examining the determinants of customer retention.

3.4 Research Design

The research design used may vary from research to research. The type of research employed for the purpose of this study is descriptive in nature, because, the researcher has no control or effect on the variables of the study. Descriptive study is helpful when a researcher wants to look into a phenomenon or a process in its natural contexts in order to get its overall picture instead of taking one or some of its aspects and manipulating it in a simulated or an artificial setting (Seiliger and Shohamy 1989; McDonough 1997). Research design is the plan and structure of investigation so conceived as to obtain answers to research questions. The plan is the overall scheme or program of the research. Thus, the researcher was tried to use the quantitative research technique. Quantitative approach was being used in order to investigate the variables that have significant effect on customer loyalty and retentions in small scale size private commercial Banks city branches.

3.4.1Research Population

The study was mainly concentrated on the determinants of customer loyalty and retention in small scale size private commercial Bank S.C in Addis Ababa. The populations of the study were the customers those use saving and loan (borrower) banking services by taking in to consideration(assumption) those customers are loyal to the bank's service rather than those use telegram money transfer and receive and other services as situational. Based on the total number of customers those have using the above mentioned services, the sample size of the study was calculated.

3.4.2. Sampling Techniques

There are different types of sample designs based on two factors viz., the representation basis and the element selection technique. On the representation basis, the sample may be probability sampling or it may be non-probability sampling. Probability sampling is based on the concept of random selection, whereas non-probability sampling is 'non random' sampling.

Non-probability sampling is that sampling procedure which does not afford any basis for estimating the probability that each item in the population has of being included in the sample. In this type of sampling, items for the sample are selected deliberately by the researcher.

The researcher employed survey research method and adopt systematic random sampling to select three private commercial banks (Cooperative Bank of Oromia, Oromia International Bank and Abay Bank) based on their year of establishment from small scale size private commercial banks operating within the country and employed convenience sampling techniques to select banks' branches and customers of banks.

3.4.3. Sample size

Determining an efficient sample size is of great significance in any research. This is because too small samples may lead to inaccurate results, while samples that are too large may waste time and resources.

It is very expensive in terms of money and time to collect data from all these employees, so that the researcher has to determine sample which is representative for the total population. Yamane

(1967:886) provides a simplified formula to calculate sample sizes of finite population, which is used to determine the sample size for this study paper.

A 95% confidence level was assumed for this formula to determine the sample size, at e=0.05. The sample size is determined by the following formula.

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

where n is the required sample size, N is the population size and e is the level of percision. Applying the above formula,

$\mathbf{n} = \frac{\mathbf{2691}}{\mathbf{1+2691(0.05)2}}$ = 348.23, Hence the sample size for this research was 350 customers of the selected banks.

The consideration with sample size is the number needed for the data analysis. If descriptive statistics are to be used, e.g., mean, frequencies, then nearly any sample size will suffice. On the other hand, a good size sample, e.g., 200-500, is needed for multiple regressions, analysis of covariance, or log-linear analysis, which might be performed for more rigorous state impact evaluations. The sample size should be appropriate for the analysis that is planned and for this research the researcher selected a sample of 350 banks' customers from Merkato, kazanchis and Bole area branches of the selected banks by anticipating those area branches have numerous customers. Since Merkato, kazanchis and Bole area is the largest market place; numerous customers have been visiting the bank per a day.

3.4.4. Source of Data

Once the research problem is defined and the type of research is selected, it is time to decide which technique is going to be used for collecting data. There are two major sources (primary and secondary source) to collect information about a situation, person, or problem. In this study both primary and secondary data was used. The primary data was collected through distributions of a structured questionnaire from the customers of selected small scale size private commercial Banks. Moreover, in this study the quantitatively administered questionnaire was the most extensively used techniques to collect primary data. Secondary data was being collected from previously conducted research and various books, banks web sites, annual report of the banks and various published journals in order to support analysis of data with conceptual and empirical evidences.

3.4.5. Data Collection Techniques

The structure of the questionnaire plays an important role in determining the quality of the data collection in a research. The main measure instrument expected to use in this study was a structurally administered questionnaire and use ordinal scale of measurement. The questionnaire was designed on various variables that are expected to measure the impact they have on customer retention in private commercial Banks. The questionnaire consist two parts. The first part consists of demographic characteristics of respondents and the second part includes different questions concerning their agreement to the impact of customer relationship management variables on customer retention in the banks. To make the questionnaire more clear for the target respondents five point Likert scale ranging from strongly agree=5 to strongly disagree =1 was used to measure the determinants of customer retention in banking services.

3.4.6. Data Analyzing Techniques

After collecting the required information from target respondents, the researcher was employed different statistical tools to present, analyze, interpret and conclude the findings. Thus, in order to minimize the burdens of doing manually, SPSS computer software and M-EXCEL were used to analyze the data. Moreover, descriptive analysis such as, percentage, mean and frequency distribution was used to present/categorize the demographic characteristics of the respondents. A correlation analysis was used to test the proposed hypothesis, and to show whether the relationship between the independent and dependent variables is weak/ strong, negative, positive. Linear regression was used to identify the dominant customer relationship management dimensions that affect retention at large.

3.4.7. Ethical Consideration

Before the research was conducted on the selected banks, the researcher informed the participants of the study about the objectives of the study, and was consciously consider ethical issues in seeking consent, avoiding deception, maintaining confidentiality, respecting the privacy, and protecting the anonymity of all respondents. A researcher must consider these points because the law of ethics on research condemns conducting a research without the consensus of the respondents for the above listed reasons.

CHAPTER FOUR
DATA ANALYSIS AND PRESENTATION

In this chapter, the collected data from customers of the three selected Addis Ababa city branches of Cooperative Bank of Oromia, Oromia International bank and Abay bank were summarized and analyzed in order to realize the ultimate objective of the study. Accordingly, the demographic profile of the respondents and the determinants of customer retention in those selected banks as perceived by their customers were discussed by computing the mean, and grand mean for each variables and major dimensions respectively. The proposed hypothesis also precisely tested by using Pearson correlation coefficients/standardized coefficient and determining the p-value from regression analysis. At last, summary of the findings will be presented.

4.1. Sample and Response Rate

As Table 4.1 shows the total population of the study was taken from the three selected city branches of Oromia International Bank, Cooperative Bank of Oromia and Abay bank in Addis Ababa. Out of those 350 samples size was taken from estimated population through convenience non probability sampling techniques. Then the questionnaires were distributed among the total sample size and it was 100% distribution done. But, 309 customers were returned the questionnaire on time and the remaining 41 customers are not. Thus, the returned questionnaire was not having an excessive missing value and all are included for analysis purpose. This represents a response rate of 88.3% in which it is still adequate to arrive at the desired and expected achievement of this study and the researcher assumes that it is considered as sufficient for the data analysis process.

The response rate is shown in the Table 4.1.

Table 4.1 Response Rate of the Respondents

Name of banks	Branches of the banks	Sample	Distributed questionnaire	Response rate
CBO	Sheger	50	50	46 (92%)
	Bombtera	30	30	28 (93%)
	Merkato	20	20	16 (80%)
	Gojjamberenda	40	40	40 (100%)
	Finfine	30	30	26 (87%)
OIB	Bole	30	30	25 (83%)
	Merkato	40	40	32 (80%)
AB	Main branch	40	40	40 (100%)
	22-mazoria	40	40	34 (85%)
	Bombtera	30	30	22 (73%)
	Total	**350**	**350**	**309(88.3%)**

Source: Survey result.

4.2. General Characteristics of the Respondents

Under this particular topic the general characteristics of respondents are going to be analyzed. The respondents were customers of the bank whom use banking services. The demographic characteristics of these research participants were prepared in terms of their gender, age mix, occupation, marital status, literacy level and monthly income

General Characteristics of the respondents are shown in the Table 4.2.

Table 4.2 General characteristics of the Respondents

Personal information of the respondents			
Personal Information	Frequency	Valid Percent	Cumulative percent
1.Gender			
Male	232	75	75
Female	77	25	100
Total	309	100	
2.Age			
18-20	6	2	2
21-30	174	56	58
31-40	110	36	94
41-50	17	5.5	99.5
Above 50	2	0.6	100.1
Total	309	100	
3.Marital status			
Single	158	51	51
Married	151	49	100
Total	309	100	
4.Education level			
Below Diploma	55	18	18
Diploma	64	21	39
BA degree	156	50	89
MA	34	11	100
Total	309	100	
5.Occupation			
Government employee	65	21	21
Private business	244	79	100
Total	309	100	
Monthly Income Level			
≤1000	8	2.5	2.5
1001-2500	64	21	23.5
2501-5000	159	51.5	75
>5000	78	25	100

Source: Survey result

4.3. Descriptive Analysis of Data Collected from Customer Survey

The analysis of the study was done by using a descriptive statistics by computing the mean and grand mean score of each item and dimension respectively. The main purpose of using this statistical parameter is to interpret the average response rate of respondents for each item. According to (Poonlar Btawee; 1987 which cited in the work of Kifle Tamene), the mean score range from 4.51-5.0 excellent/very good, 3.51-4.50 good, 2.51-3.50 average/moderate, 1.51-2.50 fair and 1.00-1.50 poor.

Table 4.3 Tangibility of Service Quality Dimension

S.N Tangibility	Mean	Grand mean
1. Physical facilities of the bank are visually appealing	4.0129	**3.4902**
2. The bank have sufficient equipment that facilitate service delivery	3.6148	
3. The bank has enough parking area	2.3786	
4. Employees are well dressed and neat	3.9546	

Source: survey result

This dimension shows the physical aspects of the services as physical facilities, appearance of personnel and tools used for the provision of services. It is more concerned with aesthetic part of the banks.

The tangibility dimension contains four items including the premises of the bank, equipment to be used in order to facilitate the service delivery, parking area and wearing style of the employees. All of them items have scored more than a simple average except the parking area. Specifically, the premise of the bank is appealing scored the highest mean value of 4.01 followed by the wearing styles of employees having 3.95 mean. Tangibility as dimension has scored 3.49 grand mean which shows it play a moderate role in retaining customers Generally, still tangibility is also fall within the range of 2.51-3.5 of PoonlarBtawee; 1987 that is assumed to be a moderate determinant. While parking area item has scored the least mean value of 2.37.

Table 4.4 Responsiveness of Service Quality Dimension

S.N Responsiveness	Mean	Grand mean
1. Bank employees are willing to help customers and to provide quick service	4.1456	**4.0304**
2. The employees should always neat & Tidy in appearance	4.0614	
3. Employees are never too busy to respond customers request	3.9449	
4. Employees make information easily obtainable by customers	3.8576	
5. Employees are assume responsibility in serving customers	4.1423	

Source: survey result

Responsiveness: is the willingness to help customers and provide prompt service Parasuraman et al., (1988). It contains the willingness of the employees to help customers with great mean value of 4.145, following to the employees taking responsibility in serving them with the average of 4.142. On the other hand, Employees make information easily obtainable by customers and employees tell busy customers the exact time of service delivery took the least mean of 3.85 and 3.94 respectively, so it is above the simple average. Hence, responsiveness scored the grand mean of 4.03 which indicated that Small Scale Private Commercial banks city branches are willing to help customers to enhance their retention level. According to PoonlarBtawee; 1987, the mean score ranging from 3.5-4.5 is assumed to be good. This implies majority of customers are visit the responsiveness or willing of the employee to help them and provide a prompt service.

Table 4.5 Assurance of Service Quality Dimension

S.N Assurance	Mean	Grand mean
1. The bank assign security to ensure customers safety	4.1229	**3.9889**
2 Customers feel safe in doing business due to the banks trustworthiness	3.8770	
3. Employees are well mannered in serving customers	4.0550	
4. Customers feel safe in their transactions with employees	3.9870	
5. The behaviour of employees fill (inspire) confidence in their customers	3.7443	

Source: survey result

This dimension indicates the employees' knowledge, courtesy and their ability to convey trust and confidence. Service quality is also linked to the customer satisfaction as how employees use their knowledge & courtesy and their ability to incorporate trust and confidence.

Accordingly, assurance contains variables like the bank assign security to ensure customers safety with the highest level of agreement of 4.12 mean and the behaviour of employees fill (inspire) confidence in their customers with lower mean of 3.74 in comparison to other items though it is beyond the average value. Moreover, variable like Customers feel safe in doing business due to the banks trustworthiness, Employees are well mannered in serving customers and Customers feel safe in their transactions with employees are also scored the mean value of 3.87, 4.05 and 3.98 respectively. Hence, assurance dimension as a whole scored 3.98 grand mean which implies customers of Small scale Private commercial banks city branches are taking consideration of the bank's trust in serving them to enhance their repurchase intention. According to PoonlarBtawee; 1987, the mean score ranged from 3.5-4.5 have good response rate. Therefore, since this dimension can also fall in this range of response it is considered to be a good determinant of customer retention.

Table 4.6 Service charge Related Questions

S.N Service charge	Mean	Grand mean
1. The pricing policies of services of this bank is attractive	3.7443	**3.7259**
2 The interest rates on the bank's service are affordable	3.6893	
3. The bank service charges including monthly fees are proportionate with the services offered	3.7443	

Source: survey result

In finance service charge is termed as the amount of payment requested by the seller of services. Service charge as well as price is determined by several factors such as willingness of the buyer to pay, willingness to accept, costs, mark-up, legal environment, intensity of competition price of substitute products, etc.

Accordingly, assurance contains variables like the attractiveness of pricing policies of services of those banks and proportionate of service charge with the services offered and both variables the higher mean score of 3.74 and affordability of interest rate for bank's service with lower score of 3.68. Since the score mean of this dimension fall in the range 3.5-4.5, it is considered to be a good determinant of customer retention.

Table 4.7 Information technology Related Questions

S.N Information technology	Mean	Grand mean
1. Offer core banking system, that aid customers in mobilizing their transaction every where	4.0194	**3.5889**
2. Offer ATM ,Internet and mobile banking service	3.2233	
3. Accept customers' comments and suggestions via its web sites	3.5242	

Source: survey result

Technologies are the medium and tools which enable the firms to get the appropriate information to the right person at the right time.

Accordingly, different questions were raised under technological variables to determine the impact on customer retention. Hence, the applications of core banking system which aid customers to mobilize their transaction everywhere was stand first constituting 4.0194 mean score followed by Accept customers' comments and suggestions via its web sites 3.5242 mean score. On other hand, ATM, internet, and mobile banking services related question was score the least/below average with the mean score of 3.22. Therefore, since the technological CRM dimension grand mean score is 3.5889 which is fall in the range of 3.50- 4.50, it is considered to be good.

Table 4.8 Corporate Image Related Questions

S.N Corporate Image	Mean	Grand mean
1. Participates in sponsoring of local events and socio economic activity to develop its brand	3.4822	**3.6235**
2. Use sale promotion and TV advertisement to enhance its brand image	3.5825	
3. I consider the reputation of this bank is high	3.8058	

Source: survey result

Many financial institutions are looking at branding techniques to differentiate themselves. Harwood (2002) argued that branding, as a tool to build image, is critical in the banking industry where all firms offer about the same kinds of products.

Corporate image dimension contains three items including participation of the banks in sponsoring of local events, bank's reputation and the bank uses sales promotion and television advertising to enhance its brand image.

As shown in table 4.8, the highest level of agreement with mean value of 3.80 is recorded for the bank has a reputation, followed by Use of sale promotion and TV advertisement to enhance its brand image with mean of 3.58 and Participation in sponsoring of local events and socio economic activity to develop its brand which is the lower mean figure in comparison to other items. Thus, one can observe that all of the mean scores are above the simple average. Thus, it is confident to say that small scale private commercial banks are having good corporate image. Moreover, according to (Poonlar Btawee; 1987) the corporate image dimension scored 3.6235 grand mean which fall in the range of 3.51-4.50, it is considered good.

Table 4.9 Customer Satisfaction Level

S.N Customer Satisfaction	Mean	Grand mean
1. Better prices of banks services made you to continue using the services from the same bank	3.8608	**3.8662**
2. Better service quality offered by the bank have made you to remain with it	3.8640	
3. Kindness of the bank staff makes you continue trusting the bank	3.8932	
4. Performance of frontline employees of this bank have made you to remain with it	3.9255	
5. Complaints are handled well and on time thus made you	3.7799	
6. Adequate and timely information gives you confidence to continue using the services offered by the bank	3.8737	

Source: survey result

Customer satisfaction dimension in this study comprises six items that intended to measure the degree of customer satisfaction to understand the customer retention. Of those items, Performance of frontline employees, Kindness of the bank staff and Adequate and timely information are scored the highest mean value of 3.92, 3.89 and 3.87 respectively. The other included variables are also lies above the mean average. Thus, the Customer satisfaction dimension including all the six items has scored 3.8662 grand mean which fall in the range of 3.51-4.50 (PoonlarBtawee; 1987), it is considered as good. Generally, customer satisfaction dimension contain the second highest grand mean next to responsiveness in comparison to other dimensions. Therefore, it is possible to conclude that, customers of the bank are satisfied with the line of services that the bank can provide. That means customer satisfaction and responsiveness are the most determinants of customer retention.

Table 4.10 Customer Retention Level

S.N Customer retention	Mean	Grand mean
1. Do you want to continue as a customer of this bank?	4.03	**4.03**

Source: survey result

Moreover, Kotler (2003) asserted that acquiring new customers could cost five times more than the cost of satisfying and retaining customers. Accordingly customer retention in this particular study is taken as a dependent variable that influenced by other dimensions listed previously. Thus, it contains one item that as they want to continue with this bank scored the highest mean value of 4.03. This implies majority of customers want to remain as a future customer

4.4 Reliability Coefficient

Cronbach's alpha or consistency reliability is calculated in provisions of the average inter correlations higher the internal consistency reliability. Consistency reliability is computed in provision of the average inter correlations between object determining concepts. The nearer coefficient of the reliability obtains to 1.0 the better. In common, reliabilities less than .60 are indicated to be poor, those in the .70 range, acceptable, and those over .80 good. Table 4.11 shows the rule of thumb which are commonly used for describing internal consistency by using Cronbach's alpha. Throughout the test, the researcher find out that all of the Cronbach's α is greater than 0.7, meaning the constructs have high reliability. The items have an internal consistency and appropriately measure the proposed outcome (customer retention).

Table 4.11 Cronbach's Alpha Test Result

Variables	Items	Cronbach's Alpha
Tangibility	4	0.755
Responsiveness	5	0.847
Assurance	5	0.869
Service charge	3	0.799
Information technology	3	0.780
Corporate image	3	0.724
Customer satisfaction	6	0.872

Source; SPSS Computation

All dimensions' Cronbach's Alpha is by far above the cut of point of 0.7. The lowest Alpha registered is 0.724 (corporate image) and the highest is 0.872 (customer satisfaction). Therefore, it can be inferred that all measures are internally consistent.

4.5. Correlations Analysis

The statistical treatment of the study included the determination of the correlation between the different variable dimensions and customer retention. The Pearson's correlation coefficients were used to determine the level of association. The level of association as measured by Pearson's co-efficient that falls between

-1.0 and +1.0, which indicates the strength and direction of association between the two variables.

4.6. Hypothesis Testing

The level of association measured by Pearson's co-efficient falls between -1.0 and +1.0, which indicates the strength and direction of association between the two variables. The Rules of Thumb proposed by Field (2005) suggests that "moderate" ends at ±0.49, and "strong" starts at ± 0.50. It is also necessary to determine a score (p-value) to evaluate the probability that the correlation (r) falls within a desired significance level. The lower the p-value, the stronger the evidence against the null hypotheses, that mean it lead the acceptance of the alternative hypotheses (Diamantopoulos &Schlegelmilch, 1997). If the calculated probability is equal to or smaller than α value in case of one-tailed test (and $\alpha/2$ in case of two-tailed test), then reject the null hypothesis (i.e., accept the alternative hypothesis), but if the calculated probability is greater, then accept the null hypothesis (C.R. Kothari, 2002). Six major hypotheses were constructed in this study to test the determinants of customer retention in small scale private commercial banks those operate with in Addis Ababa city.

Table 4.12 Multiple Regression Model

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta				
(Constant)	3.017	.268		11.277	.000		
Tangibility	.190	.073	.195	2.600	.010		
Responsiveness	.266	.094	.242	2.829	.005		
Assurance	.100	.091	.104	1.110	.268		
Service charge	.045	.059	.052	.758	.449		
Information technology	-.233	.060	-.239	-3.892	.000		
Corporate image	-.071	.065	-.076	-1.095	.274		
Customer satisfaction	.500	.072	.556	6.921	.000		

Source; SPSS Computation

a. Dependent Variable: Customer retention

The researcher has 95% confident for the decision made based on the data from the sample. Thus, the significance level (α) = 0.05 (the maximum risk that the researcher will take as a sample varies from the total population).

H1: There is a significant relationship between physical facilities and tools used for the provision of services and customer satisfaction. The researcher interested to prove this hypothesis

H0: r = 0

Ha: r $\neq$ 0

The result showed in Table 4.12 indicates that customer tangibility have a significant contribution to customer retention P<.05, β = .190. It means that it is necessary for the customer retention.

Therefore the researcher has sufficient statistical evidence to reject the H0. The results support Jabnoun and Al-Tamimi(2003), Möller (2007) and Zineldin (2005) findings where they found that physical facilities and tools used for the provision of services have an important impact on customer retention towards the banking industry.

However, the researcher can observed the absence of the parking area from the respondents' response they filled and the researcher also witnessed during collecting the data from respective banks.

H2: The willingness or readiness of employees to provide quick services to customers has a positive and significant on customer retention.

H0: $r = 0$

Ha: $r \neq 0$

Responsiveness is very crucial because it gives an opportunity to serve customers better by giving them what they want in an efficient way.

The result showed in Table 4.12 indicates that responsiveness have positive impact on customer satisfaction that leads to customer retention that supported by statically calculated results, that means the Pearson correlation coefficient or standardized Beta coefficient of the two variables responsiveness and customer retention is 0.242, at 0.05 significant levels. Besides, the calculated p-value 0.005 is less than Alpha (α) 0.05 and the researcher has a sufficient statistical evidence to reject the null hypothesis. The result shows that it has a weak positive correlation and the relations among the variables are statistically significant toward customer retention. The finding support Meehan and Dawson (2002), Tahir and Abu Bakar (2007), Radomir colleagues (2010), and Möller (2007). They found that responsiveness is rated as the most important dimension of service quality in banking industry. The researcher indicated that respondents complained on the issue of failure of Automated Teller Machines without supervision which causes longer queues in the banks. Moreover, banks need to have better plans in helping customers and provide quick as well as consistent services.

H3: The employees' knowledge, courtesy and their ability to convey trust and confidence has significant positive impact on customer retention.

H0: $r \leq 0$

Ha: $r > 0$

The result showed in Table 4.12 indicated that assurance does not make significant contribution for the customer retention $P>.05$, $\beta = .104$. Therefore the researcher has a sufficient statistical evidence to reject H3. The result shows that assurance has a weak positive correlation and the relation among the variables (assurance and customer retention) is statistically in significant toward customer retention. The finding disagree with Arasli *et al.* (2005) and (Nelson, 2006).

They indicated that trust, knowledge, courtesy and confidence are important factors for customer satisfaction regarding relationship quality and has strongest impact on customer satisfaction that leads to positive word of mouth outcome in banking industry.

H4: Information technology in banking sector has a positive relation with customer retention.

H0; $r \leq 0$

Ha; $r > 0$

The researcher has 95% confident for the decision made based on the data from the sample. Thus, the significance level (α) = 0.05 and, the Pearson correlation coefficient or standardized Beta coefficient of the two variables information technology and customer retention is -0.239, at 0.05 significant level. That shows information technology has a negative relationship with customer retention. Since, the calculated p value 0.00 is less than alpha (α) 0.05 the relation between the two variables is statistically significant.

The increase in information technology results decrease in customer satisfaction that is the intermediate factor for customer retention in Ethiopian context. The finding support Solomon (2013) he found that there is negative relationship between information technology and customer retention with significant effect on customer retention.

H5: Fair service charge has positive effect on customer retention in banking services.

H0; $r \leq 0$

Ha; $r > 0$

Price has an impact on customer buying behaviour and value perception. Service charge needs special consideration to assess value perception of customers, not generalized along with other factors. Customer satisfaction is affected by the service charge awareness.

Price level, value for money and special offers may result in both satisfaction and dissatisfaction and price fairness and price perceptibility may result in dissatisfaction for customers (Zielke, 2008).

The result showed in Table 4.12 indicated that service charge does not make significant contribution for the customer retention P=0.449 which is greater than significance level of .05, β = .052 which nearest to zero. Therefore the researcher has a sufficient statistical evidence to reject H5.From the above statistically calculated values the researcher can conclude that service charge does not have significant effect on customer retention. Since the p>0.05 and Pearson correlation is 0.34, the variable is in significant on customer retention with weak relationship among the two variables.

In Ethiopian context the customers doesn't take in to consideration service charge rather than other variables like bank's trust to continue as long life customer of a given banks.

The finding support Molls (1998), he found that satisfied customers are actually less price-sensitive. On contrary according to (Ralston, 2003), (Matzler et al., 2006) , Xia et al., 2004, and Martin et al., 2009) in which they found that service charge is considered as main factor of customer satisfaction that leads in to customer retention since it is major concern of huge interest of mass people.

Again the findings of this study disagree with Kaura (2012) who revealed that satisfaction in banking environment is influenced by price fairness and service charges. Furthermore, Rootman and co-workers (2011) found that customers were more concerned with the bank charges than other factors.

Additionally, Rootman, Tait and Sharp (2011) addressed the need for understanding relationship of marketing and customer retention of banks, and related lessons that can be learned from banks in Canada and the United Kingdom (UK). Results from the study revealed that six banking service delivery variables influenced banks' relationship marketing and customer retention. Bank fees were viewed by respondents to be the most significant variable.

H6: Customer satisfactions have a direct relationship with customer retention

H0: $r = 0$

H1: $r \neq 0$

The result showed in Table 4.12 indicated that customer satisfaction does make significant contribution for the customer retention $P<.05$, $\beta = .556$. Therefore the researcher has sufficient statistical evidence to reject H0 or accept the alternative hypothesis. The result shows that customer satisfaction has a moderate positive correlation and the relation among the variables (customer satisfaction and customer retention) is statistically significant toward customer retention.

The finding support khalifa and Liu (2003), (Cheng et al.1996), (Patterson et al.1997) and Vavra (1995). They found that customer satisfaction is the crucial element for customer retention. On the contrary according to Aldisert (1994) and Reichheld (1996), customer satisfaction is not becoming significant in some banks in their marketing strategies since satisfaction is short term measurement tool where as service quality is long term and they suggests that some unsatisfied customers may choose not to defect, because they do not expect to receive better service elsewhere and that some satisfied customers may look for other providers if they believe they can get better services elsewhere. Customer satisfaction is viewed as an important indicator of customer retention but customer satisfaction is not always an assurance of customer retention. Retaining customers is also dependent on a number of other factors such as choices, conveniences and incomes.

H7: Corporate image have a positive relationship with customer retentions program in bank.

H0; $r \leq 0$

Ha; $r > 0$

The researcher has 95% confident for the decision made based on the data from the sample. Thus, the significance level (α) = 0.05 and the Pearson correlation coefficient or standardized Beta coefficient of the two variables: corporate image and customer retention is -0.076. That shows corporate image has negative relationship with customer retention. Since, the calculated p-value 0.274 which is greater than alpha (α) 0.05 the researcher fails to reject the null hypothesis. The finding supports Solomon (2013). He found that there is negative relationship between corporate image and customer retention. On the contrary according to Nguyen and Leblenc (2000) defined reputation as an effective means of predicting the outcome of the service production process and can perhaps be considered the most reliable indicator of the ability of a service firm to satisfy a customer's desires.

4.7. Regression analysis of major CRM dimensions

Table 4.13 Model summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.812[a]	.659	.652	.545

a. Predictors: (Constant), Corporate image, Service charge, Information technology, Responsiveness, Tangibility, Assurance ,Customer satisfaction

As the sample of the study shows in table 4.16, the weighted combination of the predictor variables (customer relationship management dimensions) explained in the model summary are affect approximately 66% of the variance of customer retention and the remaining 34% is by extraneous uncontrollable variables. This result also indicates that there may be other variables that could have been neglected by the current study in predicting customer retention.

CHAPTER FIVE

SUMMARY OF THE FINDING, CONCLUSSION AND RECOMMENDATION

5.1. Summary of the Finding

Customer relationship management (CRM) is the process of carefully managing detailed information about individual customers and all customer "touch points" to maximize loyalty. The main objective of the study was to examine the determinants of customer retention in the case of Small Scale Private Commercial Banks in Addis Ababa city. The main problem of the study is related with the implementation of CRM program in banking industry. Since the implementation CRM seems to require a huge financial asset and it is related with computer software, most banking sector of Ethiopia's are unable to employ this principle in their daily operation at large. The same is true for small scale private commercial banks at all branches. Due to the matter of technological and human resources, small scale private commercial banks are unable to provide a fast instance services to its clients which refers customers retention is not fully ensured because of the low level of CRM application.

The homogeneity of services offered and competition within the banking industry have put added pressure on banks to achieve competitive differentiation, which has led to an emphasis on service quality. Banks use service quality as a means of gaining competitive advantage. This practice is perceived to be a prerequisite for achieving high quality customer service, which is seen as the only mechanism for achieving differentiation and retaining customers in a highly competitive and homogenous industry.

As can be inferred from the correlation analysis, all independent variables were found to be positively correlated with the dependent variables of customer retention though it is vary in their strength. Seven hypotheses were tested by using the standardized coefficient and p-value of multiple regression models. Thus, multiple regression analysis was used to identify the impact of independent variables on the dependent variable (customer retention).

The researcher employed descriptive and explanatory research method in this research and the researcher was followed the positivism research approach because the subject of the study will independent of and neither affect or affected by the subject researched. It is also hypotheses are developed first and research strategy is designed to test the formulated hypothesis. Here the main task of the researcher is examining the determinants of customer retention.

In general, all of the hypotheses tested where as out of tested hypotheses four of them are supported the remaining three hypotheses those doesn't have a significant effect on the customer retention is rejected.

5.2. CONCLUSSIONS

- It is very important for banks management to improve their competitiveness in the banking industry. Factors (customer satisfaction, service quality, Trust, Price perception and Brand Image or reputation) are considered to be necessary for retaining the existing customers and building long term association with consumers in order to attain joint benefits of all parties. Although these factors have been broadly executed by organization, customers still are inclined to leave to opponent. As a result, this study was accomplished to assess the effect of these factors on customer retention in the banking in Addis Ababa.
- This study found that the factors (Tangibility, Responsiveness, and Customer Satisfaction) have a significant effect on customer retention towards the banking industry in Addis Ababa. On the other hand customer satisfaction has significant effect to increase the customer retention.
- This study also investigated that Customer satisfaction lead the customer retention towards the banking industry in Addis Ababa and it plays a very important part for retaining the existing customers. This point has been reverberating by Solomon (2013) who said that customer satisfaction is an essential determinant of customer retention in the banking industry. Thus, banks must always try hard to make sure that their consumers are satisfied.

- Based on the data analyses discussed in the preceding chapter, it is also found that among the independent variables, Customer satisfaction has the highest standardized coefficient and it is also significant relationship with customer retention at 0.05. That means Customer satisfaction, is the best predictor of customer retention.
- On the other hand, information technology has the lowest Pearson correlation coefficient or standardized coefficient of -0.239 and the p-value of 0.00 which indicated that it is has significant negative relationship with customer retention. Thus, the relative importance of the significant predictors was determined by looking at the standardized coefficients.

5.3. Recommendations

- In today's a stiff competition market, every organizations are tried to offer more services that benefit its target customers in order to gain a competitive advantages over its rivals. Moreover, taking a proactive customer services is make more benefits the firms in attracting and retaining customers. Proactive services are the situations where the firms do not wait for customers to contact them and are determined to hold a dialogue with their customers prior to use reactive solutions such as complaint handling.
- Banks' management should develop strategies to improve customer satisfaction and consequently, retention rates.
- The availabilities of physical facilities play a great role in the effectiveness of the organization. Still the bank hasn't fulfilled physical facilities such as designing sufficient parking area for customers' automobile. Therefore Small scale private commercial city branches have to improve the problems related to shortage of physical facilities such as parking area since almost all of the respondent responded as the selected banks doesn't have parking area for protection of customers' automobiles.
- As the finding shows that majority of customers are comfortable with the banks to remain the future customer and customer satisfaction has significant effect on customer retention. Therefore, the banks better to work hard to satisfy their customers to sustain their strength and try to improve it to delight customers.
- Ethiopian banking industry is not very diversified; holding customers is one of the most vital tactics accessible in Ethiopian banking market to remain competitive. Banking management should place more stress on customer retention than pulling new clients since it is economical to hold existing customers than to bring in new ones.
- According to Kotler (2003) asserted that acquiring new customers could cost five times more than the cost of satisfying and retaining customers. Thus, as the finding shows that the banks better to work on retention strategies because majority of customers are agree to continue with the bank in the near future.

5.4 Limitation and Suggestion for Future Research

- The primary limitation for this study were lack of published data or study that is conducted on the impact of customer relationship management on customer retention particularly in banking industry in case of Ethiopia. This creates difficulty in developing the research model and a reliable research instrument for the study.
- The researcher was also suffered from so many constraints while conducting this research. Among those problems the major challenge is related with respondents. While they were requested to provide responses, majority of them were aggressive and unwilling to respond. Another challenge was the process to got permission from the management of respective banks to distribute the questionnaires to the customers of their selected branches.
- This study is based upon easy sampling processes; a random probability sampling method can provide results that are more accurate. Due to limitations of budget, the study has been carried out on a small scale that could be expanded in future.
- This study again has its own limitation since this research is only conducted in Addis Ababa area. Therefore the finding of the study is unable to be generalized for the whole population of banks' customer in Ethiopia as the sample size is measured small.
- In addition, there existence of a significant difference in literacy level of customers of the different banks in different cities which may be taken into account in future studies.

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Appendixes

Questionnaires English Version

This questionnaire is designed to collect information on determinants of customer retention in private Banks as part of my ***MBA in Business Administration*** thesis work. The objective of this research is to investigate the overall determinants of customer retention in small scale size private Banks in Addis Ababa. Your in-depth cooperation and active participation will enable me to finalize the research work successfully. Please, be assured that the information you provide will be strictly confidential and used only for academic purposes as well as your participation is voluntary. At last, if you have any questions or comments on this research work, please participate via the following addresses

Email: negesu2013@gmail.com or
Phone number: 251920552057

Appendix I) Demographic questions

1. Name of the bank ----------------------

2. Branch name ------------------------

3. Gender

Male ☐ Female ☐

4. Age

18-20 ☐ 21-30 ☐

31-40 ☐ 41-50 ☐

Above 50 ☐

5. Marital status

Single ☐ Married ☐

6. Educational background

Diploma ☐ BA degree ☐

MA/ MSc ☐ Others ☐

PHD and above ☐

7. Occupation

Government employee ☐ Private business ☐

8. Monthly income level

$\leq$ 1000 ☐ 1001-2500 ☐

2501-5000 ☐ >5000 ☐

Appendix II) Customer retention related questions

Please indicate your degree of agreement on the following statements about the determinants of customer retention variables by putting **"x"** marks which range from.

5=strongly agree *2=disagree*
4=agree *1=strongly disagree,*
3=neutral

S.N	**Tangibility**	5	4	3	2	1
1	Physical facilities of the bank are visually appealing					
2	The bank have sufficient equipment that facilitate service delivery					
3	The bank has enough parking area					
4	Employees are well dressed and neat					
	Responsiveness					
5	Bank employees are willing to help customers and to provide quick service					
6	The employees should always neat & Tidy in appearance					
7	Employees are never too busy to respond customers request					
8	Employees make information easily obtainable by customers					
9	Employees are assume responsibility in serving customers					
	Assurance					
10	The bank assign security to ensure customers safety					
11	Customers feel safe in doing business due to the banks trustworthiness					
12	Employees are well mannered in serving customers					
13	Customers feel safe in their transactions with employees					
14	The behaviour of employees fill (inspire) confidence in their customers					
	Service charge					
15	The pricing policies of services of this bank is attractive					
16	The interest rates on the bank's service are affordable					
17	The bank service charges including monthly fees are proportionate with the services offered					
	Information technology					
18	Offer core banking system, that aid customers in mobilizing their transaction every where					
19	Offer ATM ,Internet and mobile banking service					
20	Accept customers' comments and suggestions via its web sites					
	Corporate image/brand image					
21	Participates in sponsoring of local events and socio economic activity to develop its brand					
22	Use sale promotion and TV advertisement to enhance its brand image					
23	I consider the reputation of this bank is high					
	Customer satisfaction					

24	Better prices of banks services made you to continue using the services from the same bank					
25	Better service quality offered by the bank have made you to remain with it					
26	Kindness of the bank staff makes you continue trusting the bank					
27	Performance of frontline employees of this bank have made you to remain with it					
28	Complaints are handled well and on time thus made you to continue using the same bank					
29	Adequate and timely information gives you confidence to continue using the services offered by the bank					
	Customer retention					
30	You are the future(long life) of this bank					

Questionnaires Amharic Version (**<u>በአማርኛ የተዘጋጀ መጠይቅ</u>**)

ደንበኞችን ይዞ ለመቆየት የሚረዱ መረጃዎች ለመሰብሰብ የተዘጋጀና ለMBA in Business Administration ትምህርት ማሟያ ጽሑፍ የሚያገለግል ነው። የጥናቱ ዓላማ በጥቅሉ በአዲስ አበባ የሚገኙ አነስተኛ ባንኮች ደንበኞችን ይዞ ለማቆየት ስለሚወስዷቸው እርምጃዎች ነው። የእርስዎ ያልተቆጠበ እና ንቁ ተሳትፎ የማሟያ ጽሑፌ በጥሩ ሁኔታ እንዲጠናቀቅ ከፍተኛ አስተዋጽኦ ያደርግልኛል ብዬ አምናለሁ። ይህ በበጎ ፈቃደኝነት የሚሰጡት መረጃ በጥብቅ ሚስጥርነት እንደሚያዝ እና ለትምህርት አገልግሎት ብቻ እንደሚውል ላረጋግጥልዎት እወዳለሁ። በመጨረሻም በዚህ የጥናት ጽሑፍ ላይ ጥያቄ ወይም ሃሳብ ካለዎት እባክዎ በሚከተለው አድራሻ ይጠቀሙ፡-

Email: negesu2013@gmail.com or

Phone number: 251-920-552057

ስለትብብርዎ በቅድሚያ አመሰግናለሁ!!

መመሪያ፡- እባክዎ በተቀመጡት ባዶ ቦታዎች ላይ እርስዎን የሚገልጽ የ(x) ምልክት ያስቀምጡ፡፡

የግል መረጃ (የምላሽ ሰጭዎች መረጃ) በተመለከተ

1. የባንኩ ስም ----------------------------------

2. የባንኩ ቅርንጫፍ ስም --------------------------------

3. ፆታ

ወንድ ☐ ሴት ☐

4. ዕድሜ

18-20 ☐ 21-30 ☐

31-40 ☐ 41-50 ☐

51 እና ከዚያ በላይ ☐

5. የጋብቻ ሁኔታ

ያገባ ☐ ያላገባ ☐

6. ትምህርት ደረጃ

ዲፕሎማ ☐ ዲግሪ ☐

ማስተር ☐ ሌላ ☐

ዶክተር እና ከዚያ በላይ ☐

7. የሥራ ዓይነት

የመንግስት ሠራተኛ ☐ የግል ☐

8. ወርሃዊ ገቢ

≤ 1000 ☐ 1001-2500 ☐

2501-5000 ☐ >5000 ☐

ክፍል 2፡ ደንበኞችን ለማቆየት የምንጠቀምባቸው ዘዴዎች ላይ የሚስማሙበት ዓረፍተ ነገር ላይ (x) በማድረግ በግልፅ ያስቀምጡ፡፡

5=እጅግ እስማማለሁ

4=እስማማለሁ

3=ገለልተኛ ነኝ

2=አልስማማም

1=እጅግ አልስማማም

S.N	**የአገልግሎት ጥራትን በተመለከተ፡ ተጨባጭነት**	5	4	3	2	1
1	ባንኩ አገልግሎት ለመስጠት አመቺ ነው፤					
2	የባንኩ አገልግሎት መስጫ ቁሳቁሶች ተሟልተዋል ፤					
3	ባንኩ በቂ የመኪና ማቆሚያ አለው፤					
4	የሠራተኞቹ አለባበስ የተሟላ እና ጽዱ ነው፤					
	ምላሽ ሰጪነት					
5	የባንኩ ሠራተኞች ደንበኛውን በቀናነት እና በፍጥነት ያስተናግዳሉ፤					
6	ሠራተኞች ሁልግዜ ንፁህና ዝግጁ መሆን አለባቸው፤					
7	ሠራተኞች የደንበኛውን ጥያቄ ምንጊዜም ያስተናግዳሉ፤					
8	ሠራተኞች ለደንበኛው መረጃዎችን በቀላሉ ያደርሳሉ፤					
9	ሠራተኞች ኃላፊነታቸው ደንበኞቸውን ማገልገል እንደሆነ ይረዳሉ፤					
	ማረጋገጫ መስጠት /ዋስትና/					
10	ባንኩ የደንበኛውን ደህንነት ያስጠብቃል፤					
11	ደንበኞች በመልካም የሥራ ግንኙነት የተነሳ በባንኩ እምነት ያሳድራሉ፤					
12	ሠራተኞች በመልካም ሥነ-ምግባር ደንበኞቸውን ያስተናግዳሉ፤					
13	ደንበኞች ባላቸው የሥራ ግንኙነት በባንኩ ሠራተኞች እምነት አላቸው፤					
14	የሠራተኞች ሥነ-ምግባር ለደንበኛው እምነት ያሳድራል፤					
	የአገልግሎት ክፍያ					
15	የባንኩ የአገልግሎት ክፍያ ተመጣጣኝ ነው፤					
16	የባንኩ የአገልግሎት ወለድ ተመን ተመጣጣኝ ነው፤					
17	የባንኩ የአገልግሎት ክፍያ ከሚሰጠው አገልግሎት ጋር ተመጣጣኝ ነው፤					
	የደንበኞች ግንኙነት አስተዳደር በቴክኖሎጂ ላይ					
18	ደንበኛው ከሚመቸው ቅርንጫፍ አገልግሎት እንዲያገኝ ባንኩ ቅርንጫፎቹን በኔትወርክ አገናኝቷል፤					

19	የATM, Internet እና Mobile banking አገልግሎቶች ይሰጣል፤					
20	በድረ-ገጽ የደንበኛን ቅሬታ እና አስተያየት ይቀበላል፤					
	የባንኩ ገጽታ በደንበኞች እይታ					
21	ባንኩ የማኅበራዊ ግዴታውን በመወጣት ራሱን ያስተዋውቃል፤					
22	ማስታወቂያዎችን በቴሌቪዥን በማስነገር ራሱን ያስተዋውቃል፤					
23	ባንኩ መልካም ስም አለው ብዬ እገምታለሁ፤					
	የደንበኞች እርካታ					
24	ተመጣጣኝ የአገልግሎት ክፍያ የባንኩን ደንበኝነት ያጠናክራል፤					
25	የባንኩ የተሻለ የአገልግሎት አሰጣጥ በደንበኝነት እንድቆይ አድርጎኛል፤					
26	የባንኩ ሠራተኞች በጎ አመለካከት በባንኩ ላይ ያለኝን አመኔታ ጨምሮታል፤					
27	የደንበኞች አገልግሎት ሠራተኞች የሥራ ቅልጥፍና ከባንኩ ጋር ያለኝን ደንበኝነት አጠናክሮታል፤					
28	ቅሬታዎች በአግባቡ ስለሚስተናገዱ ከባንኩ ጋር ያለዎትን ደንበኝነት አስቀጥሎታል፤					
29	የተሟላና ወቅታዊ መረጃ በባንኩ አገልግሎት ተጠቃሚነት ላይ ተዓማኝነት ይጨምራል፤					
	ደንበኞችን ማቆየት በተመለከተ					
30	እርሶ በባንኩ ደንበኝነት መቀጠል ይፈልጋሉ?					