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Assessment of Customer Relationship Management Practice in Banks
(the case of Commercial Bank of Ethiopia)

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**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**ASSESSMENT OF CUSTOMER RELATIONSHIP MANAGEMENT IN BANKS
(the case of Commercial Bank of Ethiopia)**

BY

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Acronyms

CRM – Customer Relationship Management

CBE – Commercial Bank of Ethiopia

BPR – Business Process Reengineering

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Abstract

In today's competitive business environment, organizations are in a constant race to increase profitability, retain current customers and gain new ones. Customer Relationship Management (CRM) is aimed at building a strong long-term relationship that keeps customers coming back repeatedly. The purpose of this thesis is to assess the level of CRM application in Commercial Bank of Ethiopia. The study adopted both quantitative and qualitative methods of research. The main objective of the study was to assess the practice of CRM in Commercial Bank of Ethiopia as measured by four behavioral dimension variables. These variables are key customer focus, knowledge management, technology based CRM and CRM organization. The study focused on employees of commercial bank of Ethiopia who are aware of Customer Relationship Management (CRM) practice being pursued by the bank as well as customers of the bank who are aware of the Customer Relationship Management (CRM) practice. A sample size of three hundred ninety nine customers of Commercial Bank of Ethiopia in different branches and sixty three members of staff were drawn for the study. The researcher adopted the non-probability sampling procedure for both customers and employees. The data was primarily attained through the administration of questionnaires to customers and employees of the bank and interview guides managers of staff. The collected data was analyzed using one sample statistics to indicate the mean and standard deviation for the responses given in five point Likert scale using SPSS version 20. The results of the study generally indicate that customers are enthused by some of the CRM practice being implemented by the bank. However, some of the practice are not implemented well and if it is properly done, it will improve the relationship the bank has with its customers. There is the need to evaluate and monitor the current strategies being implemented by the bank in order to reap its full benefits. It will also be necessary to involve customers when introducing these strategies so that the needed impact can be realized.

Key words

Customer Relationship Management, customer focus dimension, CRM organization dimension, knowledge management, technology-based CRM, Commercial Bank of Ethiopia.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In this competitive world, as organizations have effort to maintain competent and sustainable, human resource professionals and strategic planners should collaborate strongly in designing strategies, which are more productive and useful (Alwadae, 2008). Traditionally businesses employed transaction based marketing through the 4p`s. However, with the emergence of contemporary marketing practices businesses began to realize that marketing is not all about attracting new customers rather it is building long term relationships with the existing customers to the mutual benefit of both. Meanwhile, the stiff competition in the market; both local and global, accessibility of markets and the advent of knowledgeable customers contribute to the blossoming of relationship-based marketing in the business world.

In the 1970`s, Customer relationship management originated as a marketing concept from the relationship marketing literatures. Its aim is to maximize customer value in the long term, by focusing business processes, marketing and customer service on client relationship maintenance, through the coordinating agency of an information technology system (Chang, 2007).

Even though there are extensive previous studies in relation to customer relation management, the most selected and related findings of previous literatures are presented below.

According to the study by Kwamena (2013) examines customer relationship management practices at National Investment Bank (NIB), Cape Coast Branch. The finding of the study shows that NIB conducts marketing campaign management via email, text messages and through the post is poor. The result also shows that NIB has failed at getting to know their customers hence leading to poor segmentation and targeting. Inadequate branches contribute to the long queues at the existing branches.

The study by Barbara (2011) deal on improving customer relationship management in the banking industry, Barclays Bank. The finding of the study also shows that important factor that ensures good customer relationship management is, understanding the needs of customers. In addition, one factor that ensures good customer relationship is when customers have the opportunity to express their dissatisfaction about services being provided by the bank. Findings from the study revealed that majority of the respondents believe that Barclays Bank has instituted a well laid down complaint management system. From the study, other factors that ensure good relationship management are care calls and customer visits by bank staff.

An Empirical study by Manoj (2015)deals on customer relationship management in banks in the ICT Era shows that most important factors contributing to the adoption of E-CRM services are ease of use, reduction in work time, reduced interaction with the customers and security and privacy.

The study by Belghis(2013) deals on factors affecting the CRM in Marun Petrochemical Company. The findings shows that human resource knowledge, information technology, and knowledge of customer relation management influence on CRM.

According to the study by Kuria (2011) deals on customer relationship management practice and competitiveness of commercial banks in Kenya.The findings shows that organizational competitiveness is achieved through appropriate CRM practices and marketing productivity.

So far, several business sectors have benefited from the deployment of CRM. However, pertaining to its nature the service sector, particularly the financial and telecommunication sub-sector, deemed to benefit a lot from the implementation of the CRM as a business strategy. For instance, many studies have reported that banks which develop a customer-centric strategy get higher profits (Formant, 2000; Lamparello, 2000) this is due to the fact that financial service are characterized by the large number of customers and the private, fast and personal needs of them, such that the way a firm delivers them is relevant to its expansion and competitive advantage (Seybold & Marshak, 1998: 193-213). Moreover,

Onutet.al, also ascertain that CRM is a sound business strategy for banks to identify the most profitable customers and prospects, and devote time and attention to expanding account relationships with those customers through individualized marketing, re-pricing, discretionary decision making, and customized service-all delivered through the various sales channels that the bank uses.

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

Despite the above theoretical and empirical facts as to the development of the CRM in the financial sector, until recently, the banking sector in Ethiopia has remained dormant to the shift in business paradigm from product-centric to customer-centric. Various factors contributed for this fact; among others the dominance of public banks till the liberalization and deregulation of the economy in the 1990`s is the major one. This hinders the development of the private sector and its possible impact on the competitiveness arena in the banking industry that would have benefited the customers and the banks there in. Among government owned banks CBE is the leading bank in terms of market share, branch network, volume of asset and profitability. CBE has a vision to become a world- class commercial bank by the year 2025. Despite numerous years experience in the business and being able to secure the leading position, the market share of the bank has been declining since the advent of the private banks and the allied changes in the competitive playing ground. Thus, to cope up with the market turmoil and shift its focus to customers need the bank undertakes a BPR in 2008 which is according to Hammer & Champy (1993) the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service, and speed.

It is apparent from literatures that those banks that are able to implement all dimensions of the CRM are more beneficial than those that implemented it in a fragmented manner (Das *et. al*, 2009). Thus, as it is three years since CBE adopted CRM, determining to what extent CBE has implemented the dimensions of the CRM contributes a lot in projecting the expected gain from the system and point out the dimensions to leverage in the future. Hence, assessing the level of CRM application in the Commercial Bank of Ethiopia across four dimensions; key customer focus, knowledge management, CRM organization, and technology- based CRM become imperative and it is the way to appraise the why of positive outcomes and/or negative repercussion, if any, in adopting the system.

1.2 Statement of the Problem

Customer relationship management over the past years has been a topic of high interest for both academics researchers and market managers (Ul Haq *et al.*, 2010). This could be attributed to ability of companies to compete for limited number of customers on the market. Customer Relationship Management (CRM) from financial institutions perspective is a sound strategy to identify the bank's most profitable customers and prospects, and devotes time and attention to expanding account relationships with those customers.

Though most of the CRM literatures have been written in the context of the developed countries, CRM's successful implementation in an integrated and holistic manner have been found to have a positive impact on the customer retention & satisfaction, reduction of costs and enhancement of competitive stand in the market.

Most of the time the management of Commercial bank of Ethiopia was focusing their attention to deposit mobilization and expansion of branches with less attention to customer relationship management in terms of key customer focus, knowledge management and technology based CRM and this results in loss of valuable customer in the last five years according to the bank report of 2016. The study aims to assess the following four variables of CRM components.

Key customer focus is all about developing a strong customer focus and continuously delivering superior value to selected key customers through personalized or customized offerings.

CRM organization implies organizing the whole organization around CRM, which will lead to considerations like organizational structure, commitment of resources and human resources management.

Knowledge management includes learning about customer needs and wants, dissemination and sharing of this knowledge and action.

Technology-based CRM implies that technology plays the role of enabler in CRM deployment and allowed firms to achieve greater customization and better service at lower cost. (Yim and Swaminathan, 2004)

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

1.3 Research Questions

Considering the purpose and objectives of the study the under listed research questions are addressed in the study;

- What is the level of key customer focus dimension application in CBE?
- To what extent is CBE key customer focused?
- To what extent is CBE practicing knowledge management aspects of CRM?
- To what extent is CBE practicing technology-based CRM?

1.4 Research Objectives

1.4.1 General objective

The general objective of this study is to assess the level of CRM application in Commercial Bank of Ethiopia with the following specific objectives.

1.4.2 Specific objectives;

- To examine the level of key customer focus dimension application in Commercial Bank of Ethiopia.
- To assess the extent of CRM organization dimension application in Commercial Bank of Ethiopia.
- To diagnosis the knowledge management dimensions application in Commercial Bank of Ethiopia.
- To evaluate the level of technology-based CRM dimension is applied in Commercial Bank of Ethiopia.

1.5 Significance of the study

This study contributes to acquaint management on customer relationship management of financial institutions, especially commercial bank of Ethiopia. It pledges management to assess and identify CRM dimensions that needs further enhancements to bring customer satisfaction and thereby to increase profitability and sustainable development. It helps the researcher to obtain theoretical and practical research knowledge in relation to the study area. In addition, it was be used as a stepping stone for other researchers in relation to customer relationship management. It contributes a bit to the existing body of knowledge and be a useful source of information including for further research regarding this subject matter.

1.6 Definition of Terms

Customer Relationship Management (CRM) – is a cross-functional, customer-driven and technology-integrated business process management strategy that maximizes relationships (Chen and Popovich, 2003). It involves the integration of marketing, sales, customer service, IT and the supply-chain functions of the organization to achieve greater efficiencies and effectiveness in delivering customer value.

Business Process Reengineering (BPR) – is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service, and speed (Hammer & Champy, 1993)

Credit customers – customers of Commercial Bank of Ethiopia that uses credit products like over draft, Term loan, Pre-shipment, Letter of Credit and etc.

1.7 Scope and Limitation of the study

1.7.1 Scope of the study

The study was assessed branches of CBE that are found in Addis Ababa all are categorized under four districts. These are North, South, and West and East districts. This limits the realm of the study by discriminating those branches of CBE found in outlying areas. In addition, the study assess CRM's application in the Commercial Bank of Ethiopia only from four dimensions that are derived from the reviewed CRM related literatures.

1.7.2 Limitation of the Study

The outcome of the study is solely dependent on the individual responses of the respondents that participate in the study. Moreover, as the sample is small and selected using non-probability sampling technique, the results might not be generalizable beyond the specific population from which the sample is drawn, considering the vast number of branches CBE has all over the country.

1.8 Organization of the Study

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

CHAPTER TWO

REVIEW OF RELATED LITERATURES

The chapter deals with the theoretical and conceptual background of the study such as CRM definition and their dimension, the benefits it provides and its application in the service sector particularly in the Banking industry. Moreover, the banking industry in Ethiopia, primarily CBE at the focal point and the research activities undertaken so far in the subject matter and the resultant findings as to the service sector in general and the banking industry in particular are discussed.

2.1 Meaning of CRM

With the advent of knowledgeable customers and highly competitive market, the traditional transaction based marketing is proved to be obsolete where by the need to solicit customers need before competitors do becomes the way of life for marketers. To do so, understanding and keeping track of customers' needs using relationship based marketing practice become imperative. Moreover, as various authors ascertain, the cost of retaining existing clients is by far less than the cost of attracting new ones. Hence, it has been found that a company stands a much higher chance of doing repeat business when selling to its existing customers; its chances of successfully making repeat sale to an "active" customer standing at 60% to 70%. On the other hand, its chances of successfully closing a sale on a new customer can be as low as 5% and rarely exceeds 20% (Griffin and Lowenstein, 2001). Thus, to maintain the existing customers at a least cost as compared to attracting new ones companies realize that interactive marketing which rely on a cooperative and relationship based marketing principles is essential. In the meantime, it has become evident that the satisfaction customers derive from a relationship depends on how the relationship is managed and the benefit of the relationship to the customer (Parvatiyar, Biog and Wathnee, 1998).

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

Payne, 2005). Similarly, Langerak and Verhoef, (2003) underline that the essence of CRM thinking originates from three concepts in marketing management, customer orientation, relationship marketing, and database marketing.

Several factors have contributed to the rapid development and evolution of CRM. These include the growing de-intermediation process in many industries due to the advent of sophisticated computer and telecommunication technologies that allow producers to directly interact with end- customers. Moreover, the following important perspectives have been found to be the major contributors to the outgrowth in origin of CRM as a strategic approach.

- The belief that customers are the real assets and not just the people in the audience.
- The maturation of one-to-one transaction advent.
- Extensive use of software and technologies to maintain useful information and no manual labor.
- The realization of the benefits of utilizing information proactively and not reactively.
- The change of business view to relationship approach rather than transactional approach.
- The approach of concentrating more on customer values rather than concentrating on how the product is delivered to the customer.
- The approach of focusing on customer satisfaction and loyalty rather than focusing self satisfaction and profit.
- The acceptance of the fact that using high end technologies and software the cost can radically be decreased without compromising on quality and service of products.
- The increasing tendency to retain existing customers and trying to get more and more business out of them.
- The realization that the traditional trends of marketing and selling are increasingly fading out in the current economic scenario (Langerak and Verhoef,2003)

These stimulating approaches helped a lot in building up consequently the modern CRM. Yet, the growing body of literature on CRM is somewhat inconsistent and highly fragmented (Bellenger *et al.*2004). This is because of the fact that a common conceptualization of the phenomenon is lacking (Bull, 2003). The ambiguity surrounding

the nature of CRM has permeated the academic literature and due to that the generated research streams addresses CRM from seemingly incongruent perspective. (Bellenger *et al.*2004).

Many believes that through CRM, firms are able to understand customers from strategic perspective and as a result the CRM ultimately focuses on effectively turning customer information into intelligence to more efficiently manage customer relationship. Accordingly Kumar and Reinartz, (2006) and Galbreath &Rogers,(1999) refer to CRM as “the strategic process of selecting the customers a firm can most profitably serve and shaping the interactions between that company and these customers with the goal of optimizing the current and future value of the customers for the company”.Parvatiyar and Sheth(2000: P.6) also sustains that Customer Relationship Management is a comprehensive strategy and process of acquiring, retaining and partnering with selective customers to create superior value for the company and the customer."

Another perspective is technologically oriented whereby the advances in database technologies such as data warehousing and data mining are crucial to the functionality and effectiveness of CRM system (Sandoe *et, al.* 2001). By the same token, Chou et al., 2002definedCRM as an information industry term for methodologies, software and usually internet capabilities that help an enterprise manage customer relationships in an organized way.

CRM, from the marketing perspective, is defined as a combination of business process and technology that seeks to understand a company’s customers from the perspective of who they are, what they do, and what they are like (Couldwell, 1998). This theme is also reflected by Kotler in 1997 by acknowledging customer relationship management as principally revolving around marketing and begins with a deep analysis of consumer behavior. Furthermore, Bose,2002 & McKenzie,2001 define CRM within the same perspective as an integration of technologies and business processes used to satisfy the needs of a customer during any given interaction and a combination of strategy and information systems, that aims at focusing attention on customers in order to serve them better, respectively.

Overall, the core theme of all CRM and relationship marketing perspectives is its focus on a cooperative and collaborative relationship between the firm and its customers, and/or other marketing actors (Parvatiyar & Sheth 2001, 2002). Dwyer, Schurr, and Oh (1987) have characterized such cooperative relationships as being interdependent and long-term orientated rather than being concerned with short-term discrete transactions. The long-term orientation is often emphasized because it is believed that marketing actors was not engage in opportunistic behavior if they have a long-term orientation and that such relationships was be anchored in mutual gains and cooperation (Ganesan, 1994).

Another important facet of CRM is “customer selectivity.” As several research studies have shown, not all customers are equally profitable for an individual company (Storbacka, 2000). The company therefore must be selective in tailoring its program and marketing efforts by segmenting and selecting appropriate customers for individual marketing programs.

From the literatures it is evident that CRM involves cross-functional integration i.e. the integration of marketing, sales, customer service, IT and the supply-chain functions of the organization to achieve greater efficiencies and effectiveness in delivering customer value. Consequently, for the purpose of this study the following definition is adopted;

CRM is a cross-functional, customer-driven and technology-integrated business process management strategy that maximizes relationships (Chen and Popovich, 2003). It involves the integration of marketing, sales, customer service, IT and the supply-chain functions of the organization to achieve greater efficiencies and effectiveness in delivering customer value.

2.2 Dimensions of CRM

Per the related literatures (Sadek *et al.*, 2011, Sin *et al.*, 2005, Crosby and Johnson, 2001; Day, 2003; Fox and Stead, 2001; Kalustian *et al.*, 2002; O’halloran and Wagner, 2001; Paracha and Bulusu, 2002; Ryals and Knox, 2001; Tiwana, 2001), CRM was theorized as a multi- dimensional construct consisting of four broad behavioral dimensions: Key customer focus, CRM organization, Knowledge management, and technology-based CRM.

i. Key customer focus

A customer-focused structure, culture, policy, and reward system should permeate any organization that strives to implement CRM successfully (Ryals and Knox 2001; Sheth, Sisodia, and Sharma 2000). This involves an overall customer-centric focus (Sheth *et al.*, 2000; Vandermerwe, 2004), and continuously delivering superior value to selected key customers (Parvatiyar and Sheth, 2001) through personalized/ customized offerings (Dyche, 2002). Key elements of this dimension consist of customer-centric marketing, key customer lifetime value identification, personalization and interactive co-creation marketing (Sadek *et al.*, 2011). Accordingly, Sin, Tse and Yim (2005) define key customer focus as a composition of dialog with customers on customizing their needs, customizing products, customer needs assessment and implementation of customer needs information. Arnett and Badrinarayanan, (2005) also indicate that customer-needs driven CRM strategy involves two steps : first, uncovering insights regarding customer needs and secondly, the development of special programs to meet the discovered needs. Therefore, firms as part of their CRM practices ought to develop CRM strategies that are capable of delivering both economic and non-economic benefits to key customers.

ii. CRM organization

CRM means essential changes in the way that firms are organized (Ryals and Knox, 2001) and business processes are conducted (Hoffman and Kashmeri, 2000). Therefore, firms should take into consideration the organizational challenges inherent in any CRM initiative (Agarwal *et al.*, 2004). The key considerations in order to successfully organize the whole company around CRM are as follows: organizational structure, organization-wide commitment of resources, and human resources management (Sadek *et al.*, 2011)

Yim, Anderson and Swaminathan (2004) observed that with a strong focus on key customers deeply embedded throughout its system, the entire company should be organized around cultivating these valuable relationships. The organizational structure needs to be flexible and, if necessary, reconstructed to generate customer-centric values (Homburg, Workman, and Jensen 2000) and improve coordination of customer-focused, cross-functional teams (Brown 2000; Homburg, Workman, and Jensen 2000; Sheth and Sisodia

2002). Furthermore, there must also be an organization-wide commitment of resources, with concerted efforts by all organizational functions to continuously provide a stream of value-rich actions and customer outcomes (Ahmed and Rafiq 2003; Gronroos 1990).

iii. Knowledge management

According to the knowledge-based view of the organization, the creation, the transfer, and the application of knowledge is the primary rationale for a firm's existence. From a CRM perspective, knowledge can be learned from experience or empirical study of consumer data (Sadek *et al.*, 2011). Successful CRM is predicated on effectively transforming customer information to customer knowledge (Freeland 2003; Peppard 2000; Plessis and Boon 2004; Stefanou, Sarmaniotis, and Stafyla 2003; Stringfellow, Nie, and Bowen 2004). Specifically, to enhance customer profitability, information about customers should be gathered through interactions or touch points across all functions or areas of the firm (Brohman *et al.* 2003), so that all rounded customer view is established, maintained, and continually updated (Fox and Stead 2001). Customer knowledge thereby generated needs to be shared and disseminated throughout the organization (Peppard 2000; Ryals and Knox 2001) to address customers' current and anticipated needs.

Janz and Prasarnphanich (2003) identified three facets of knowledge management competence. They are knowledge development, knowledge dissemination, and knowledge application (Arnett and Badrinarayanan, 2005). One important feature of knowledge development is the fact that knowledge is not found in the database of any firm and can only be created from information that may be found in the database or elsewhere. Such knowledge includes, but is not limited to, knowledge about one's company, industry, competitors, customers, the procedures and processes that allow firms to work well with partners, and the organizational structures that allow firms to be efficient and effectively (Arnett and Badrinarayanan, 2005).

Overall, key facets of this construct include learning about customer needs and wants, dissemination and sharing of this knowledge and action (Sin *et al.*, 2005).

iv. Technology-based CRM

Accurate customer data is necessary to successful CRM performance (Abbott *et al.*, 2001). Consequently, the technology has an important role in CRM in adding to firm intelligence (Boyle, 2004). Zeblah, Bellenger, and Johnston (2004) described CRM technology as one of the organizational resources that serves as an input into the CRM process and is intended to enhance firms' ability to productively build and maintain a profit-maximizing portfolio of customer relationships. In reality, the advancement in Information Technology has the capability to collect, analyze, and share customer information which was lead to a customer satisfaction and thus retaining customers (Bulter, 2000). The CRM calls for "information-intensive strategies" which utilize computer technologies in building relationships (Harding *et al.*, 2004) such as: computer-aided design/ manufacturing, data warehouses, data mining and CRM software systems that enable the firms to provide greater customization with better quality at lower cost. In addition, it helps the staff at all contact points to serve the customers in a better way. Therefore, many customer-centric activities would be impossible without the use of an appropriate technology (Sin *et al.*, 2005).

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

2.3 Benefits of CRM

Early CRM researchers had hypothesized that CRM's benefits varied by industry as the processes and technologies associated with CRM were tailored to specific industry structures (Rust, Lemon, Zeithaml, 2001). However, findings in a recent cross cultural, multi-industry study of CRM done by Reinartz et al. (2004) support the notion that desired CRM benefits do not vary greatly across industries or countries, as had earlier been thought. This later finding lends support to the idea that core benefits associated with CRM initiatives exist across contexts. The identified seven core benefits were;

- 1) improved ability to target profitable customers;
- 2) integrated offerings across channels;

- 3) Improved sales force efficiency and effectiveness;
- 4) individualized marketing messages;
- 5) customized products and services;
- 6) Improved customer service efficiency and effectiveness; and
- 7) improved pricing.

Though other studies have not presented the benefits of CRM in such a way, most importantly the results coincided with the core benefits identified by Reinartz and his friends in 2004.

According to Arnett and Badrinarayananm 2005; Buttle, 2004; Croteau and Li, 2003; Iacovou, Bendasat, and Dexter, 1995, the benefits of CRM were grouped into two main paradigms; operational and strategic benefits. Operational benefits refer to the operational savings of an organization resulting from its improved internal efficiency (Iacovou, Bendasat, and Dexter, 1995). CRM enables a company to redesign its processes to improve its operational efficiency, such as marketing and customer support, front-office efficiency, and productivity in sales, which in turn decrease customer-related costs (Reichheld, 1996). Strategic benefits consist of the tactical, opportunistic, and competitive advantages derived from the impact of electronic data interchange on a business processes and relationships (Iacovou, Bendasat, and Dexter, 1995).

CRM enables an organization to gain better information on customers' values, behaviors, needs and preferences and helps it gain a competitive edge over its competitors. It makes it possible to identify customers' potentials, uncover the profiles of key customers, anticipate their needs, predict their behavior, win back lost customers, create personalized marketing plans for each segment, develop new products and services, design communication tools and distribution channels, or identify new market opportunities based on customers' preferences and history (Homburg, Hoyer, and Stock, 2007; Tokman, Davis, and Lemon, 2007; Thomas, Blattberg, and Fox, 2004; Peppers, Rogers, and Dorf, 1999; Day, 2000).

Base and competitive advantage of banks therein. Last but not least, a case study on a Greek bank has further ascertained that the CRM has helped the bank to become more

customer focused, increased its revenue significantly and contributed to the development and success of the bank in the market.

2.4 CRM and the Service Sector

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

According to researchers, the extent of CRM benefits to an organization was vary depending on the nature of the business concerned. They are likely to be more substantial in the case of any organization that has some or all of the following characteristics:- frequent customer interactions and purchases, high cross-selling potential, perceived risks and involvement, and profitability (Kumar 2006; Buttle, 2004;Hansotia, 2002).Thus service firms especially financial organizations and telecommunications are regarded as companies that most likely to benefit from CRM implementation due to the fact that they collect and accumulate a lot data on each customer (Bose, 2002).

On the contrary, the de-intermediation process and consequent prevalence of CRM is also due to the growth of the service economy. Since services are typically produced and delivered at the same institution, it minimizes the role of middlemen. Between the service provider and the service user an emotional bond also develops creating the need for maintaining and enhancing the relationship. It is therefore not difficult to see that CRM is important for scholars and practitioners of services marketing (Berry & Parsuraman, 1991; Bitner, 1995; Crosby & Stephens, 1987; Crosby, Evans, & Cowles, 1990; Gronroos, 1994).Also, customer expectations have been changing rapidly over the last two decades.

Fueled by new technology and the growing availability of advanced product features and services, customer expectations are changing almost on a daily basis. Consumers are less wasing to make compromises or trade-offs in product and service quality. In a world of ever changing customer expectations, building cooperative and collaborative relationships with customers seems to be the most prudent way to keep track of their changing expectations and appropriately influencing them (Sheth & Sisodia, 1995).

2.4.1 CRM in the Banking Industry

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

In banking sector, relationship management could be defined as having and acting upon deeper knowledge about the customer, ensure that the customer such as how to fund the customer, get to know the customer, keep in touch with the customer, ensure that the customer gets what he wishes from service provider and understand when they are not satisfied and might leave the service provider and act accordingly.

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

The present day CRM includes developing customer base. Accordingly, the bank has to pay adequate attention to increase customer base by all means, it is possible if the performance is at satisfactory level, the existing clients can recommend others to have banking connection with the bank he/she is operating. Hence asking reference from the existing customers can develop their client base. If the base increased, the profitability is also increase. Hence the bank has to implement lot of innovative CRM to capture and retain the customers (Saeed, *et al.*, 2011). There is a shift from bank centric activities to customer centric activities.

CRM in banking sector is still in evolutionary stage, it is the time for taking ideas from customers to enrich its service. The use of CRM in banking has gained importance with the aggressive strategies for customer acquisition and retention being employed by the bank in today's competitive scene. This has resulted in the adoption of various CRM initiatives by various banks (Saeed, *et al.*, 2011).

2.4.2 Banking in Ethiopia

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

In pre 1974 Ethiopia, the financial system operated in a free market economic environment. However, in 1980s, the financial system was restructured and reorganized to serve centrally planned economic system which was created following the change of government in 1974. During this period, the Government nationalized all financial institutions in the country and created three specialized banks (excluding the central bank) and one insurance company. Private ownership of financial institutions was prohibited. Following the principles of mono-banking, the three state owned banks and the insurance company were administered by the central bank –the National Bank of Ethiopia (NBE). Indeed, the NBE used to run those governments owned financial institutions like its own cost centered functional units. Among the specialized banks, the then Agricultural and Industrial Development Bank (the current Development Bank) was responsible for financing agricultural and industrial projects with medium and long gestation period, while the then Housing and Savings Bank (the current Construction and Business Bank) used to lend for construction of residential and commercial buildings. The third bank, Commercial Bank of Ethiopia, was the only bank engaged in trade and other short term financing activities (Gidey, 1987).

In 1990s, as a result of the shift from socialist to market economic system, Ethiopia reformed its financial services industry. The reform measures included comprehensive restructuring of government owned financial institutions and opening the sector for local

private equity participation. The three governments owned banks and one insurance company inherited from socialist regime were made autonomies in terms of managing their business and recapitalized. While there was no change in the role of Commercial Bank of Ethiopia (as short term financier), Development Bank of Ethiopia (as provider of medium and long term development finance) and Ethiopian Insurance Corporation (as provider of both general and life insurance services), Construction and Business Bank has been allowed to engage in short-term financing activities. Opening of the financial services industry for local private equity participation resulted in establishment of nine banks, eight insurance companies and 28 microfinance institutions by June 2008 (Nana, 2008)

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

Among public banks operating in the country, CBE has been undergoing an encouraging improvement in enhancing its offerings to maintain its leading role and competitive position. Through these efforts, the bank has adopted the CRM in 2008 in its BPR initiations and implementation where by attracting customers and retaining those valuable customers by enriching the prevailing relationship backgrounds become the heart of the business world contrary to those days where customers have no choice but CBE to fulfill their financial service needs (Nana, 2008)

Accordingly, CBE has devised a customer-centric strategic document that position the customer at the center of all banking activities whereby customer relationship building based on “Know your customer” (KYC) principle emanated. Consequently, the Bank has redesigned its sub-processes in such a way one-point customer contact remain intact to enable customer relationship building and maintenance(Nana, 2008)

Hence, in retail branches the Customer Relationship Officer is responsible for advising, consulting and providing adequate information to customers on the credit process while the Branch Manager is responsible for recruiting potential customers, promote the Bank in general and the Branch in particular and lead and monitor the Branch`s overall CRM practices. Furthermore, the Customer Service Manager supports the Branch Manager`s

CRM activities by shouldering operational tasks of the branch and entertaining customer requests at sight to enhance customer relationship building in the course of efficient and effective customer services.

In the Head office organ, Customer Relationship Managers are categorized and assigned into two teams; Business and Corporate Customers Relationship Management Team and Commercial Customers Relationship Management Team.

The Customer classification, as per the Credit Process Procedure of the Bank, is defined as an internal segmentation for the Bank that allows it to identify those customers who delivers high value to the Bank and deserves best treatment. The Bank classifies its customers to ensure flexible and tailor made service delivery, i.e. to address their needs and preferences accordingly. Moreover, segmentation is sought to help the Bank build and maintain long-term relationships with high valued customers and mitigate its risk. The Bank applies the following criteria to classify its trading customers; Sales Volume, Volume of Service/Product with the Bank, Income generated from the customer, Customer Relationship, Corporate responsibility; and Management capability of the business.(CBE Bulletin,2016)

The Customer Relationship Managers are responsible;

- to target potential customers, identify their needs, recruit and establish credit relationship
- for advising/consulting customer about the credit process, types, terms, eligibility, utilization, debt servicing, etc and cross-selling products.
- For follow-up of repayment/utilization of the loan and ensure end use of the loan.
- For identification of early warning signals on the customers' business and advise customers to improve their performances and take appropriate measures
- For verifying the physical conditions of customers' business and assets
- For producing periodic performance reports of the customer (both business and loan account performance) and
- For reminding customers and recommending appropriate and timely actions (workout) in case of irregularities of loan repayment.(CBE Bulletin,2016)

Apparently, CBE has been in a continuous transformation since the BPR and its efforts have provided fruitful performance enhancements both in financial and non-financial terms. Yet, it is too early to conclude its performance results are solely attributed to the adoption of CRM. Since the prominent market standing of CBE is still unleashed due to several factors like huge financial capacity, government support, long-standing experience and relationship with reputable international banks, it is indistinct to distinguish whether or not these factors nurture the marketing efforts of the Bank. Thus, at this stage assessment of the CRM practices of the Bank to determine the current standing of the Bank in terms of deploying the facets that comprise full fledged CRM application become central.(CBE, Bulletin,2016)

CHAPTER THREE

RESEARCH APPROACH

Introduction

This chapter deals with the methodology of the study whereby the research design, sampling and sampling techniques, data collection instruments, data collection procedures and the method of data analysis are discussed.

3.1 Research Design

According to Singh (2006), research design is essentially a statement of the object of the inquiry and the strategies for collecting the evidence, analyzing the evidences and reporting the findings. In this study quantitative research design using a questionnaire survey, document review and unstructured discussion is employed. The study is descriptive in nature in that it collects data from one or more target groups, and analyzes it in order to describe the present condition. More specifically, a survey data on the four dimensions of the CRM was collected both from the customers and employees of CBE.

3.2 Sample and Sampling method

Sampling method is the process of obtaining information about an entire population by examining only part of the population (Kothari, 2004). The sampling method was employed in this research is non probability sampling techniques. Purposeful sampling method for employees of the bank who are directly involve in CRM implementation and convenience sampling method for customers of different branches taken as a sample to triangulate it. The population of the study encompasses all employees and customers of the Commercial Bank of Ethiopia, at the vicinity of Addis Ababa. As it is indispensable to get views of employees who are directly involve with customers for CRM practice, a purposeful sampling method was used for employees and convenience sampling method for customers found to be the most appropriate for this study approach, because ‘information- rich’ cases can be selected so as to learn much about the issues that are important to the study (Patton, 1990). To do so, the branches in Addis Ababa was considered. After the identification of the specific number of customer in the district, the sample is drawn from the population of the Bank.

3.2.1 Sample Size

According to Field (2005), whenever possible to access the entire population, it is possible to collect data from sample and use the behavior within the sample to infer things about the behavior of the population. Accordingly, in this study to make the sample more representatives, the sample size of the study is determined using the sample size determination formula adopted by Yamane (1967) and 399 customers of CBE having a business relationship with one of the branches were included in the sample using the following formula.

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

Where:

N= is the total population

n= is the sample from the population

e= is the error term, which is 5% (95% confidence level are assumed)

$$n = \frac{194752}{1+194752(0.05)^2} = \underline{399}$$

based on the number of customers in each branch was derived from the management information system (MIS) of the Bank as depicted in Table 3.1 below.

Table 3.1 Customer distribution of the four district and branches of CBE

Name district	Name of branches	Current Account Customers	Saving Account Customers	Time deposit customers	Credit Service Customers	Total
North district	Arada Geiorgis	7711	83,341	148	517	91,717
South district	Nifas Silk	1229	40,010	-	81	41,320
East district	Megenagna	3157	32,638	1	391	36,187
West district	Addis Ketema	1617	23,846	-	65	25,528
Grand Total						194,752

In addition to the above formula, there are 126 employees in these branches and 50% of the population that is 63 employees that work in the customer relationship management areas of the bank and in the head office was taken as sample size of the study for employees.

3.3 Data Collection instruments

The questionnaire developed by Das, *et al.*, (2009) was be adopted to undertake this study, which contains statements that are specifically designed to measure CRM practices of firms in relation to the four behavioral dimensions of CRM – Key Customer focus, CRM organization, Knowledge Management and Technology-based CRM as proposed by Sin, *et al.*, (2004).

The questionnaires were composed of two sections. The first section was contain questionnaire items on five point Liket Scale to assess the CRM practices of CBE while the second section collected data on the profile of respondents.

The Semi Structured questionnaires were be used to solicit primary data from employees and customers of the Bank. Questionnaires distributed for customers was be labeled as “customer questionnaire” while those distributed for employees “employee questionnaire” (Sadek *et al.*, 2011) to avoid mix ups of responded questionnaires during data collection.

As secondary sources of data published journal articles, publications, books, websites and others was be used as found appropriate to solidify the premises of the study.

3.4 Data Collection Procedures

Data was collected mainly from survey through questionnaires. The ‘employee questionnaire’ was given to the concerned Branch Managers/directors accompanied by the inter-departmental memo requesting cooperation from the branches concerned. Consequently, the Branch Managers/directors further distributed them to the employees under their domain. Since the Customer Relationship Managers/Officers are the one with

which customers are frequently engaged, the 'customer questionnaires' were given to them who further distribute it to the customers and receive the responses thereby.

Accordingly, 63 employee questionnaires and 399 customer questionnaires was given to the respective Branch Managers or customer relationship managers/officers of the four branches and head office.

3.4.1 Reliability and Validity

The CRM best practices scale comprises best practices that are limited to the domain of CRM as explained by well-known researchers such as Parvatiyar and Sheth, (2001); Jackson, 1985; Sin *et al.*, 2005, each of which is different from any other. Since the statements have been generated from an extensive review of academic and practitioner's literatures, it is assumed that the construct validity was hold.

To assure the reliability and validity when customizations made in our country and this specific research was computed using Cronbach's coefficient alpha for the entire set of CRM best practice statements.

3.5 Data analysis

The survey was designed to solicit to what degree the CBE has applied the four dimensions of the CRM, the data was be analyzed using the Statistical Package for Social Science (SPSS) version 16.0 software using graphs, tables and other descriptive statistics (Mean and standard) deviation as found appropriate. This software has been widely used by researchers as a data analysis technique (Zikmund, 2003). The analysis to address the research questions was be done by first calculating the mean score for each dimension in the respective respondent groups and consequently confirm the result Based on the results of this score the achievement of CBE in each dimension was ranked for the respective employee and customer respondent groups. Lastly, the overall mean score of CRM as perceived by employees is compared with that of customer's perception mean score of CRM using Z-score. Finally, CRM dimensions that score above the simple average of the scale points i.e. 3.00 are considered to show CBE's practice of the same to be high while those scores below this point shows CBE's practice of the dimensions to be low.

CHAPTER FOUR

ANALYSIS AND INTERPRETATION

In this chapter, the collected data from the employees and customers of the four branches of CBE are summarized and analyzed in order to realize the ultimate objective of the study. Accordingly, the demographic profile of the two respondent groups and the level of CRM practice of CBE as perceived by its employees and customers are discussed. At last, summary of the findings are presented.

4.1 Descriptive Analysis

4.1.1 Response rate

As it is indicated in table 4.1.1 below, out of 399 questionnaires distributed to CBE customers, 219 responses are returned. From the total returned responses, 10 of them are uncompleted. Thus only the 209 complete responses are employed in the analysis. In addition, 63 questionnaires distributed to CBE employees. Out of this 58 responses are returned.

Table 4.1.1 Response rate of customers

No	Branches	Sample size	Response			
			Returned	Completed	Non completed	Response rate
1	Arada Georges	188	100	99	1	52.65
2	Nifas Silk	85	49	45	4	52.94
3	Megenangna	74	40	38	2	51.35
4	Addis Ketema	52	30	27	3	51.92
Total		399	219	209	10	52.15

Table 4.1.1.1 Response Rate of CBE employees

No	Branches	Sample size	Response			
			Returned	Non returned	Non completed	Response rate
1	Arada Georges	23	20	3	-	87
2	Nifas Silk	15	15	-	-	100
3	Megenangna	10	8	2	-	80
4	Addis Ketema	5	5	-	-	100
5	Head office	10	10	-	-	100
Total		63	58	5	-	92

4.2 BACKGROUND OF THE RESPONDENTS

Table 4.2.1 Background Characteristics of the ‘Employee questionnaire’ respondents

Variable	Categories	Frequency	Percent
Gender	Male	50	86.21
	Female	8	13.79
	Total	58	100
Educational level	Diploma	0	0
	Degree	58	100
	Masters	0	0
	PhD	0	0
	Total	58	100
Job Title	Branch manager	3	5.17
	Customer service Manager	8	13.79
	Customer Relationship Officer	8	13.79
	Customer relationship Manager- Business & Corporate Customers	15	25.87
	Customer relationship Manager- Commercial Customers	24	41.38
	Total	58	100
Job Experience	1-3 Years	2	3.45
	4-10 Years	11	18.97
	11-20 Years	42	72.41
	More than 20 years	3	5.17
	Total	58	100

Source: survey result, 2017

4.1.1.1 Employee Respondents

Table 4.2.1 presents the summarized characteristics of respondents of the ‘Employee questionnaire’ that are mainly involved in customer relationship management activities of CBE. The male respondents constitute the largest share of the gender composition representing 86.21% of the respondents while 13.79% were female employees. In terms of educational level all respondents were first degree holders. This implies that majority of male respondents constitute the largest share of the gender composition.

An equal percentage of customer service managers and customer relationship officers were involved in the study (13.79%) while the customer relationship managers of commercial credit customers constitute the largest share (41.38%) followed by the business and corporate customers relationship managers and branch managers that represent 25.87 % and 5.17% of the respondents, respectively. This implies that CBE give more attention to serve commercial credit customers. Finally, the respondent distribution shows that nearly 75% of the respondents were highly experienced in the banking sector being in the industry for more than 11 years.

Accordingly, the employees with job experience of less than 20 years but greater than 11 years take the lion share of the respondents i.e. 72.41% while those who are less experienced in the business arena constitute 3.45% of the respondent’s profile. Thus the majority of CBE employees is experienced in the banking industry and helps to serve the customer easily.

Table 4.2.2 Background Characteristics of the ‘customer questionnaire’ respondents

Variable	Categories	Frequency	Percent
Gender	Male	171	81.81
	Female	38	18.19
	Total	209	100
Purpose used	Personal	17	8.13
	Business	53	25.36
	Both	139	66.51
	Total	209	100
Service used*	Saving Account	140	66.69
	Current account	175	83.73
	Credit Services	70	33.49
	Automatic Teller Machine (ATM)	70	33.49
	Money Transfer	105	50.23
Length of relationship with CBE	1-3 Years	21	10.06
	4-10 Years	114	54.54
	More than 10 Years	74	35.40
	Total	209	100

Source: survey result, 2017

**Service used by the customer may be more the one*

4.1.1.2 Customer Respondents

The summarized profile of customer respondents is shown in table 4.1.2 above. As observed from the table the gender composition of the respondents is dominated by male respondents, which constituted 81.81% of the respondents while the rest is attributed to female respondents. This implies that majority of CBE customers are male dominant.

Concerning the purpose for which the customers use the services rendered by CBE, majority of the respondents were found to be using the services for both personal consumption and business purposes. This shows that the respondent profile is pervasive enough to explore CBE's level of CRM practices as customer's perception represent assessments made from both angles. Moreover, customers that use CBE's services for personal consumption constituting 8.13% and those that use it for business purposes representing 25.36% of the respondents were also included in the study.

As to the services that are used in CBE, current account/Cheque account/ users take the lion share followed by saving account users comprising 83.73% and 66.69% of the respondents, respectively. Of the cheque account users 83% of them uses the credit service of the bank as well. Other service users constitute 33.49%, 33.49%, 50.23% and 0.48% of the respondents profile for credit service, Automatic Teller Machine, Money transfer and credit card service customers, respectively. Thus, it is of a significant contribution to the output of the study since credit service customers are found to be the major contributors for the Bank's profitability.

For the inquiry regarding the length of relationship with the Bank either for personal consumption or business purpose, most of the respondents were found to be using CBE's services for years that range from 4-10 but those with the least number of years relationship with the Bank represent only 10.06 % of the respondents. Hence, this is believed to substantiate the outcome of the study in revealing the perception of those customers that are in a position to compare and contrast CBE's service endeavors since they have experience in CBE both before and after the adoption of the CRM practices.

4.2 Level of Practice of the Components of CRM in CBE

The main objective of the study is to determine to what extent CBE practice CRM as measured by the four behavioral dimensions. To do so, both employees and customers of CBE were asked to rate the level of CRM practices on a Likert scale of 1 through 5. The questionnaires were distinguished based on the heading given for each of them either “employee questionnaire” or “customer questionnaire”.

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

4.2.1 Level of CRM practice – Employee’s perception

The data was collected to solicit the perception of employees that work under the title of customer relationship manager, customer relationship officer, customer service manager and branch manager as to CBE’s level of CRM practice measured using the four behavioral dimensions therein. Accordingly, the resultant output is shown in table 4.2.1.1 where the extent of CRM application in CBE is demonstrated by the mean score achieved by each dimension under consideration.

Table 4.2.1.1 Level of practice of the dimensions of CRM - Employee’s Perception

Behavioral component	N	Mean	Std.Dev.	Ranking (Mean)
Key customer Focus	58	3.332	0.454	3
CRM organization	58	3.559	0.663	1
Knowledge Management	58	3.341	0.374	2
Technology Based CRM	58	2.681	0.961	4

Source: Primary data, 2017

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

4.2.1.1 Key Customer Focus

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

A one-sample statistics that shows the mean and standard deviation for the responses given in a five point Likert Scale was calculated using SPSS. The highest mean figures represent the high level of agreement with the item under consideration while the lowest signify high level of disagreement with the scale item. In the meantime, to confirm the results of the sample statistics a t-test was also conducted using the same software showing a totally conformity with the one-sample statistics output.

Table 4.2.1.2 key customer focus

	N	Mean	Std. Deviation
The Bank provides customized services & products to its key customers	58	3.81	.083
we strive to constantly surprise & delight our key customers	58	3.31	.959
We strength the emotional bond with our key customers by wishing them on important occasions	58	3.64	.968
We use the relationship pricing concept in pricing our different products/services	58	2.78	.077
CBE works with reputable business organization to provide increased value to its customers.	58	3.12	.027
We leverage the power of word of mouth by using Referral Marketing programs	58	3.22	.937
We do cross selling of products/services to increase customer share.	58	3.45	.127
Overall		3.332	.454

Source: Primary data, 2017

As shown in the table above, the highest level of agreement with mean value of 3.81 is recorded for the Bank`s provision of customized services and products to its key customer while the use of relationship based pricing item scored the least mean figure. At glance, one can observe that all of the mean scores are above the simple average of the scale, which is 3, except for this particular item. Moreover, even among those items that are above the simple average of the scale three of them are still below the overall average mean score. Hence, it is confident to say that CBE is a bank that provides a customized product and service for its key customers striving to strength the emotional bond with the same by wishing them on important occasions and doing cross selling as well. Yet, its performance as to the application of relationship-based pricing is at slack in this particular dimension of CRM.

4.2.1.2 CRM organization

This dimension appraise the extent of CRM practice from organization wide perspectives where the top management strategic focus, the premises of making marketing decisions and human resource management and development aspects were assessed to do so.

The dimension is comprised of nine items responded on a five point Likert scale where the highest being strongly agree and the lowest representing strongly disagree.

Accordingly, the sample statistics for each item is calculated and presented in table 4.2.1.4 below. The table shows that having a variety of distribution channels/branches and the establishment and monitoring of customer centric performance standards at all customer contact points represent the highest and lowest mean figures, respectively as compared to the other items tested using the sample statistics.

Among the nine items, 55.56% of them have a mean score that is greater than the overall mean showing a relatively significant achievement in this particular dimension. Thus, it is secure to say that except for the poor practice in establishing and monitoring customer centric performance standards across all customer contact points, CBE`s application of the CRM organization dimension as perceived by its employees is encouraging especially in providing customer convenience using a variety of distribution channels/branches.

Table 4.2.1.4 CRM organization

	N	Mean	Std. Deviation
Our top management accepts and provides leadership for building & maintaining customer relationship as a major goal of the bank.	58	3.66	.785
CBE commits time and resources in managing customer relationships.	58	3.78	.622
Our systems are designed to make it easy for customers to do business with us	58	3.74	.870
We provide increased customer convenience using a variety of distribution channels/branches	58	4.38	.557
We deliver a reliable customer experience across all customer contact points	58	3.10	.810
Customer –centric performance standards are established and monitored at all customer contact points	58	2.91	.756
CRM responsibilities of customer contact employees are clearly defined, assigned and understood.	58	3.97	.816
Our employee training programs are designed to develop the skills required for acquiring and deepening customer relationship	58	3.07	.024
Our frontline employees are encouraged and employed to positively exceed customer expectations.			
Overall		3.559	.663

Source: Primary data, 2017.

4.2.1.3 Knowledge Management

This dimension is concerned with adapting customer data into intelligence in order to understand customers need more precisely and provide products and services that are superior and congruent with those needs. To assess employees perception as to the extent of knowledge management application in CBE's CRM endeavors, ten items were used which were responded on five point Likert scale that goes from strongly disagree to strongly agree points.

Based on the responded questionnaires a sample statistics is calculated resulting in a mean and standard deviation score where the highest mean indicates a high level of agreement and the lowest signifying high level of disagreement. Table 4.2.1.6 shows the output of the sample statistics.

Table 4.2.1.6 Knowledge Management

Item	N	Mean	Std. Deviation
We take customer feedback seriously and reply to them	58	3.66	.849
We have effective customer recovery strategies including guarantees for service failure	58	2.53	.143
Customer and employees feedback is taken using a variety of direct and indirect measures	58	3.21	.894
We broadcast to the employees the feedback given by our customers	58	3.26	.965
We use information from customers to design or improve our products products/services	58	3.76	.683
We analyze the causes of customer defection through exit interviews and lost customer surveys	58	2.93	.024
We do customer classification using customer Lifetime value or other related metrics	58	3.69	.030
We have a process in place to check and obtain customers 'permission to interact with them using various channels	58	3.38	.914
We have a well developed privacy policy to ensure confidentiality of customers data	58	3.78	.060
Overall		3.341	.374

Source: Primary data, 2017.

As one can observe from the above table, CBE having a well-developed privacy policy secured the highest mean figure while the deficiency in building effective customer recovery strategies resulting in the minimum mean score among the tested items. Of the remaining items CBE`s performance regarding the practice of analyzing the causes for customer defection is the least while the utilization of customers information to design or improve products/services is with the highest mean score among the items under consideration. Overall, CBE`s extent of applying the knowledge management dimension of CRM is satisfactory except for the two items where the mean is found to be below the simple scale average.

4.2.1.4 Technology-based CRM

Under this dimension, the extent of CRM practices is assessed from technological capability perspectives i.e. whether or not CBE has the latest technology at hand to undertake CRM proficiently. In soliciting the employees perception of the extent of technology-based CRM practices of CBE, two items are used to be responded on a five point Liket scale where the highest point represent strongly agree and the lowest representing strongly disagree. Accordingly, a one-sample statistics is calculated where the overall mean is less than the simple average of the scale 3.00. Moreover, the item ‘having an information system that is capable of providing comprehensive data about all aspects of customers ‘ scored a mean that is even below the total mean indicating CBE`s failure to do so. Yet, it is of a considerable achievement for the Bank in automating its marketing, sales and service functions. Taken as a whole, one can say that the extent of application of the technology-based CRM in CBE as perceived by its employees is at the infant stage.

Table 4.2.1.8 one-sample statistics- Technology-based CRM

Item	N	Mean	Std. Deviation
Our bank uses technology to automate marketing, sales and service functions	58	3.31	.959
Our information systems are designed to give comprehensive data about all aspects of our customers, so that we can be responsive to them	58	2.05	.963
Overall		2.681	0.961

Source: Primary data, 2017.

4.2.2 Level of CRM Practices – Customer`s Perception

Data was analyzed to assess the level of CRM practices in CBE across the four behavioral dimensions using descriptive measures that were used in most of the CRM researches that deals with the deployment of CRM in the service industry; like those undertaken by Saeed *et al.* (2011) and Das *et al.* (2009). Accordingly, table 4.2.2.1 shows the summary of the data collected from customers of the surveyed branches.

Table 4.2.2.1 Level of practice of the dimensions of CRM- Customer`s Perception

Behavioral component	N	Mean	Std.Dev.	Ranking (Mean)
Key customer Focus	209	3.1882	0.2066	2
CRM organization	209	3.2446	0.2947	1
Knowledge Management	209	3.0683	0.1837	3
Technology Based CRM	209	2.145	0.2285	4
CRM	209	2.911	0.2283	-

Source: Survey result, 2017

As it can be seen from table 4.2.2.1 above CBE has been doing well in the CRM organization dimension as compared to the other dimensions with the mean score of 3.2446 while it is of at the lowest performance level in the technology based CRM deployment aspects.

4.2.2.1 Key Customer Focus

This assessment is done to appraise to what extent customers perceive CBE as a bank that endeavor to meet the needs of its most valuable customers by providing customized products that are in agreement with their prevailing requirements. Key customer focus is all about developing a strong customer focus and continuously delivering superior value to selected key customers to achieve a deep customer relationship that enable an organization to become a necessary partner to its most profitable customers (Vandermerwe, 2004; Das,

2004; Sheth *et al.*, 2000; Parvatiyar and Sheth,2001). The most important components of the key customer focus are customer selection and offering of customized or personalized services to those high value customer segments. A one-sample test was conducted on the seven items which were responded on a five item scale with the highest being strongly agree and the lowest- strongly disagree. The result of the sample statistics depict to what extent customers perceive CBE as a bank that focus on its key customers. The highest mean figure shows high level of agreement with the scale item while the lowest indicate high level of disagreement with the particular item being tested.

As can be seen from the table below, the output of the sample statistics reveal that the highest mean was recorded for CBE`s effort to constantly surprise and delight its key customers while setting a differential pricing scheme has been found to be latent in the CBE`s relationship building practices with the least mean score of 2.19.

Table 4.2.2.2 One-Sample Statistics - Key customer focus

Key Customer Focus Dimension items	N	Mean	Std. Deviation
CBE provides customized services & products to its key customers	209	3.77	0.086
CBE strives to constantly surprise & delight its key customers	209	4.10	0.076
CBE strength its emotional bond with its key customers by wishing them on important occasions	209	3.96	0.055
CBE set a differential pricing for its products based on the extent of relationship with its customers	209	2.19	0.034
CBE works with reputable business organization to provide increased value to its customers.	199	3.25	0.343
The employees of CBE instigate customers to use various services of the Bank	204	2.65	0.204
CBE uses referral marketing programs	207	2.38	0.855
Overall		3.1882	0.2066

Source: Primary data, 2017.

To confirm the above test result a t-test was conducted. Likewise, the item CBE strives to constantly surprise and delight its key customers has the highest t-score of 55.085 which corresponds the highest mean score of 4.10 followed by CBE`s effort to strengthen its

emotional bond with its key customers and provision of customized services for key customers with the t-score of 54.266 and 50.107, respectively. The lowest t-value (30.642) was recorded for the differential pricing item, which shows CBE is perceived as a bank using standardized pricing scheme for all of its products/services, regardless of the extent of relationship with the particular customer/s.

The tables below show the level of agreement and disagreement for each item in detail. The tables are headed by the shortened name for the respective items included in the dimension and they indicate the frequency and percentage of responses along with the valid percent and cumulative percent.

Table 4.2.3 Key customer Focus Dimension

Key customer Focus Dimension Items							
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
Provision of Customized Services		11	28	28	124	43	209
	Percent	5.3	13.4	1.4	59.3	20.6	100
The Bank strives to constantly surprise & delight its key customers		17	-	9	102	81	209
	Percent	8.1	-	4.3	48.8	38.8	100
Strength emotional bonds		-	37	9	88	75	209
	Percent	-	17.7	4.3	42.1	35.9	100
Relationship Based differential pricing		59	81	45	18	6	209
	Percent	28.2	38.8	21.5	8.6	2.9	100
The Bank work with reputable business organizations		31	27	43	58	50	209
	Percent	14.8	12.9	20.6	27.8	23.9	100
The Bank uses referral marketing programs		33	81	75	20	207	100
	Percent	15.8	38.8	35.9	9.6	99	100
Employees encourage customers to use various services of the Bank		44	48	62	35	20	204
	Percent	21.1	23	29.7	16.7	9.4	97.6

Source: Primary data, 2017

The above table 4.2.3 shows the level of agreement and disagreement for each item in detail. The table shows key customer focus dimension of the respective items included in the dimension and they indicate the frequency and percentage of responses. It confirms that the CBE strives to constantly surprise and delight its key customers followed by effort to strengthen its emotional bond with its key customers and provision of customized services for key customers.

4.2.2.2 CRM organization

CRM organization dimension implies organizing around CRM which leads to considerations like the availability of sales and marketing experts, trained employees on customer relations, evaluation and rewarding of customer performance in customer relations and CRM oriented organizational structure (Sin *et al.*, 2004). According to Yim *et al.* (2004) this calls for an organizational structure that is flexible and, if necessary, reconstructed to generate customer centric value. To assess the CBE's level of organization around CRM from customers perspective a five point Likert scale with eight items to represent the dimension were used. The table below shows the level of agreement depending on the size of the mean figure. The higher the mean figure recorded, the higher the level of agreement; and the lower the mean figure the higher the disagreement with the particular item being tested.

Table 4.2.2.11 - Sample statistics – CRM organization

	N	Mean	Std. Deviation
The top management believe in building customer relationships	209	3.69	.968
CBE commits its time and resource in managing customer relationships	209	3.54	.101
It is easy and convenient to do business with CBE	209	2.02	.193
CBE has convenient branches	209	4.28	.225
CBE provide reliable service	209	2.47	.213
The employees are well trained in customer service practices	204	3.31	.087
Customer Service employees try to serve the customer at their best	209	2.78	.279
Customer relationship officers/managers know their responsibilities	202	3.89	.292
Overall		3.2446	.2947

Source: Primary data, 2017

The output of the sample statistics reveal that having convenient branches with the highest mean score of 4.28 and easy business dealings with CBE having a mean score of 2.02 represent the two extremes in the data set. Moreover, it is apparent to see that the provision of reliable service and employee`s effort to serve customers at their best have mean scores that are below 3.00 which is the simple mean of the scale representing an average level of CRM practices.

TABLE 4.2.4 CRM organization dimensions

CRM organization dimensions								
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total	
The top management believe in building customer relationships		5	-	15	31	7	58	
	Percent	9	-	26	53	12	100	
CBE commits its time and resource in managing customer relationships		4	4	8	34	8	58	
	Percent	5	5	10	60	10	100	
It is easy and convenient to do business with CBE		26	20	3	7	2	58	
	Percent	45	35	5	10	3	100	
CBE has convenient branches		5	5	0	12	36	58	
	Percent	10	10	0	20	62	100	
CBE provide reliable service		8	34	2	8	6	58	
	Percent	15	58	2	15	10	100	
The employees are well trained in customer service practices		4	10	14	26	4	58	
	Percent	8	18	25	45	8	100	
Customer relationship officers/managers know their responsibilities		5	5	5	19	24	58	
		8	18	25	45	8	100	

Source: Primary data, 2017

The detail level of agreement and disagreement is shown in the table above. The table is headed by CRM organization dimensions and in the body of the table various questions asked during the data collection. The details of the response are shown for each of the items tested. They were to be rated on strongly disagree, disagree, agree and strongly agree with the latter being the highest and the percentages of responses for scale item. The output of the table responses reveals that having convenient branches is one success of CBE to access customers and satisfied with and easy business dealings with CBE having medium range that the bank should strive more to get more customers.

4.2.2.3 Knowledge Management

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

Customer's perception of to what extent CBE has been deploying the knowledge management aspects of CRM is shown in the one-sample statistic output of table 4.2.2.13 where the mean and standard deviation results are used in a way that analyze the higher level of agreement to have high mean score while the low score representing high level of disagreement with the particular statement to be tested.

Table 4.2.2.13- sample statistics – Knowledge Management

Item	N	Mean	Std. Deviation
Lost customer survey & exit interview	204	1.83	.008
classification based of customer lifetime value	204	3.48	.168
provision of service failure guarantee	209	2.79	.269
taking customer feedback seriously and reply to them	209	3.14	.250
use of customer feedback to design & improve its services	199	3.30	.214
Well developed privacy policy	209	3.85	.195
Rewarding customers that contribute to its profitability	204	3.08	.182
Overall		3.0683	.1837

Source: SPSS data analysis output, 2017

As observed from the above table the highest mean figure 3.85 is recorded for CBE having a well developed privacy policy in maintaining customer data while its practice of lost customer survey and exit interview for the same score the least mean figure of 1.83.

Moreover, the provision of service failure guarantee has a mean score less than the average where it shows CBE's failure to do so.

All except the two scale items have a mean score above the simple average of the scale and the overall mean of 3.0683.

Thus, it is possible to say that customers perceive CBE as a bank that keeps their data confidentially using a well developed policy yet the practice of surveying lost customers with the aim to win back again is almost non-existent in the Bank followed by the failure to give service breakdown guarantees. On the other hand, the practice of taking customers feedback to be used as an input for service enhancements and serving customers by classifying them based on their contribution to the profitability of the bank are perceived to be practiced by CBE in a considerable manner.

This confirm that CBE has a well developed privacy policy having demonstrated by the highest mean and t- test figure while the lowest mean and t-test scores signify the impracticality of lost customer surveys in CBE.

Table 4.2.5 knowledge management

		knowledge management dimensions					Total
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
Take customer feedback seriously and reply to them		98	62	29	10	10	209
	Percent	46.9	29.7	13.9	4.8	4.8	100
Provision of service failure guarantees		30	74	45	30	30	209
	Percent	14.4	35.4	21.5	14.4	14.4	100
Use of customer feedback to design and improve its services		30	18	30	104	27	209
	Percent	14.4	8.6	14.4	49.8	12.9	100
Well developed privacy policy		15	15	32	72	75	209
	Percent	7.2	7.2	15.3	34.4	35.9	100
Rewarding customers that contribute to its profitability		21	38	81	31	38	204
	Percent	10	18.2	38.8	14.8	19.2	100
Lost customer survey and exit interview		98	62	29	10	10	209
	Percent	46.9	29.7	13.9	4.8	4.8	100
Classification based on customer life time value		21	20	33	100	35	209
	Percent	10	9.6	15.8	47.8	20	100

Source: Primary data, 2017

The tables above show the detail distribution of scale point responses for each statement tested to assess CBE`s level of knowledge management practices. The distribution of responses is shown using frequency tables generated by SPSS program along with their respective percentage. According to the above table it is possible to say that customers perceive CBE as a bank that keeps their data confidentially using a well developed policy. However, the practice of surveying lost customers with the aim to win back again is almost non-existent in the Bank followed by the failure to give service breakdown guarantees.

4.2.2.4 Technology-Based CRM

Technology based CRM, as the name indicates, refers to the usage of the latest technology in CRM deployment as an enabler of greater customization and better service at lower cost (Sin *et al.*, 2005). Currently there are various applications that are specifically designed for CRM with the aim of identifying customers trend of buying behavior to enhance customer satisfaction while incrementing customer retention potentials at the same time.

In the sample statistics shown below, the aim is to solicit customers perception as to CBE`s deployment of technology based CRM practices in their dealings with the Bank. To do so, a five point Liket scale was used the highest being strongly disagree and the lowest representing strongly disagrees. Accordingly, the two items were tested using the mean and standard deviation sample statistics. The resultant mean scores were below the simple average of the scale i.e. 2.29 & 2.00 for having well organized information system and provision of automated services, respectively. Likewise, the overall mean figure shows the same fact with the score of 2.145 where CBE`s performance in this dimension is perceived to be very weak.

Table 4.2.2.22 - sample statistics – Technology-based CRM

	N	Mean	Std. Deviation
provision of automated services	209	2.00	.231
well organized information system that enables responsiveness to customer needs	209	2.29	.226
Overall		2.145	.2285

Source: Primary data, 2017

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

Table 4.2.6 Technology Based CRM Dimension

Technology Based dimensions							
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
Provision of automated services			17	9	29	3	58
	Percent	-	29.3	15.5	50	5.2	100
Well organized information system		21	17	16	4	-	58
	Percent	36.2	29.3	27.6	6.9	-	100

Source: Primary data, 2017

The above table shows that detailed responses that show the level of agreement or disagreement with the two statements is shown in the tables. The frequency of the responses with their respective percentages, valid and cumulative percentages are shown in the frequency tables for each item. It is evident from the result that CBE’s extent of application of technology-based CRM is low as measured by the resultant sample.

Comparison b/n the perception of Employees and Customers

To further substantiate the findings of the study a comparison of mean between the perception of employees and customers of CBE is undertaken. The comparison between the means using Z-score result is calculated, at 5% level of significance, having a critical value of ± 1.96 .

In due course, the calculated Z-value is found to be 0.1560 signifying the fact that there is no significant difference between the perception of employees and customers of CBE as to the Bank`s level of CRM practice, derived from the extent of deploying the four behavioral dimensions of the CRM.

4.3 Summary of the Findings

The previous two sections presented in detail the extent of CRM dimensions application in CBE as perceived by the employees and customers of the sampled branches. In this section, the finding from the two groups of respondents is presented in a summarized and informative manner.

Both respondent groups were asked to assess CBE extent of CRM practice in a five point Likert scale where the extent of its application is derived from the assessments made on the four behavioral dimensions therein. Accordingly, as it is depicted in table 4.2.1.1 and 4.2.2.1 in the previous section the resultant sample statistics for both groups of respondents shows that CBE's level of performance in deploying technology based CRM is at the infant stage while both agree on its considerable achievement in organizing around CRM (CRM organization dimension). As to the knowledge management dimension, though the overall mean score for both groups of respondents is not significantly different, customers perceive CBE's level of knowledge management practices less favorably than the employees resulting in a mean score of 3.0683 and 3.341, respectively.

When we analyze the detail frequency of responses as to the level of agreement and disagreement a significant difference is found between the perception of the two groups in the item that assesses CBE's practice of deploying a differential reward system for customers that contribute to its profitability. While the employees perceive CBE's practices to be adequate, customers perceived it to be insufficient as compared to their contribution to the profitability of the Bank.

On the contrary, concerning the key customer focus dimension, the simple comparison between the two mean scores of the group reveal that customers perceive CBE's level of performance on this dimension to be more favorable than the rest dimensions while employees perceive the performance to be less than that of knowledge management aspects. Still, employees perception as to CBE's level of focus on key customers is higher in mean score when compared to that of the customers mean score of 3.188. Thus, the extent of deploying the key customer focus practices in CBE is said to be significant following the CRM organization dimension aspects of the Bank as perceived by its customers.

Eventually, since the four behavioral dimensions were used to assess the extent to which CRM is practiced in CBE a cumulative mean score is calculated for each group of respondents resulting in 3.228 and 2.911 for employee and customer respondents, respectively. At glance, it is evident that customers perception as to CBE`s level of CRM practices is less favorable than that of its employees and when we compare the statistics results of each dimensions for the two groups the same holds true where the mean score of each dimension for customer respondents is less than that of the employees. Yet, a z-score is calculated that is used to determine whether or not there is significant difference b/n the perception of employees and customers of CBE as to the Bank`s level of CRM practice as a whole. The result of z-score i.e. 0.1560 calculated at 5% level of significant shows that there is no significant difference b/n the perception of the two respondent groups.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

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

5.1 Conclusions

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

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

Per the foregoing findings the following conclusions are drawn;

- In the CRM practices of CBE the technology-based CRM performance as observed from the level of automation in the service and other functions is low and in slack.
- In the Key customer focus dimension, though CBE has been doing well in strengthening the emotional bonds with its customers, its practice in terms of applying differential pricing schemes and cross-selling products/services is low.
- Regarding the knowledge management dimension, CBE`s performance as to undertaking lost customer survey and provision of service failure guarantee is low while the performance regarding a well developed privacy policy that keeps customers data confidentiality is significant. This achievement leads to an average level of performance in this particular dimension.

- Concerning the aspects of organizing around CRM, CBE`s performance is significant having a top management that believes in building and maintaining customer relationship and customer relationship employees that are well informed of their customer relationship responsibilities. In this dimension, the deficiency in performance is observed as to the handiness of the working procedures and the reliability of the services therein.
- Overall, CBE`s performance in the extent to which it apply the four dimensions of the CRM in deploying CRM is nearly at the average level as observed by its customers. However, it is perceived to be slightly above the average level by its employees. Yet, the difference in perception is not significant as found by mean score comparison at 5% level of significance (Z- score of 0.1560).
- Hence, it is confident to conclude that CBE`s level of CRM application is at the **average level**; the extent of application of the CRM organization dimension being the highest in achievement while the technology-based CRM practices are highly inadequate.

5.2 Recommendations

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

- Though there is no significant difference in the customer`s and employee`s perception of CBE`s overall application of CRM in the key customer focus dimension, CBE`s level of service cross-selling is perceived to be low from customer point of view while it is perceived to be high from employee`s point of view. This implies that, so far, CBE`s services have not been well promoted by the employees at hand. Thus, CBE has to enhance its marketing effort regarding the promotion constituent particularly that of employees cross-selling and recommending the Bank`s services for customers having the potential to contribute further to the Bank`s profitability.

- Concerning the CRM organization dimension, customers perceive CBE as providing unreliable services and being cumbersome to do business with the Bank. This implies that CBE has to augment its service delivery using flexible and compliant working procedures that can accommodate the ever-changing needs of customers. Furthermore, developing organizational capability in technological as well as administrative aspects is alleged to result in the provision of reliable services the Bank claims to be its distinctiveness.
- As to the Knowledge Management aspects, CBE has to establish a customer review mechanism to determine customer defect rates and learn from its service quality gaps through customer exit interview.
- In the technology-based CRM practices, CBE`s performance is at the lowest level. This calls for a pervasive adoption and integration of CRM-based technology in the Bank as an enabler of CRM in general and its dimensions in particular.
- Concurrently, to sustain its CRM practices CBE has to endow its management and customer contact employees with the indispensable theoretical and practical knowledge of customer relationship management aspects through experience sharing and training sessions organized in cooperation with foreign banks that are operating in a similar competitive environment.

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Appendix 1

Employee Questionnaire

Purpose of the questionnaire

This questionnaire is prepared to solicit primary data from the employees of Commercial Bank of Ethiopia (CBE) to assess **the level of Customer Relationship Management (CRM) application in the CBE** - for the partial-fulfillment of General MBA in business Administration from St. Marry University.

The responses are to be kept confidential and was be used for academic purpose only. In addition, all personal data shall be treated collectively rather than on personal levels.

Part A. CRM Best Practices Scale

Please indicate the extent to which you agree/disagree with the following statements. Strongly Disagree carries the least weigh of 1 while Strongly Agree carries the highest weight of 5. Please put \surd mark accordingly.

Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Key customer focus dimension					
1. My bank provides customized services and products to its key customers.					
2. We strive to constantly surprise and delight our key customers.					
3. We strengthen the emotional bonds with our key customers by wishing them on important occasions.					
4. We use the concept of 'Relationship Pricing' in pricing our different products/ services.					
5. We do Co-branding/Affinity partnering programs i.e. programs that associate the Bank with reputable organs to provide increased value to our customers					
6. We leverage the power of word of mouth by using Referral Marketing programs i.e. marketing programs that make use of satisfied customers to promote the Bank for related others. /					
7. We do cross selling of products/ services to increase customer share. For example; instigate saving customers to					

use the credit products of the bank and the like.					
CRM organization dimension					
1. Our top management accepts and provides leadership for building and maintaining customer relationships as a major goal of the bank.					
2. CBE commits time and resources in managing customer relationships.					
3. Our systems are designed to make it easy for customers to do business with us.					
4. We provide increased customer convenience using a variety of distribution channels/branches.					
5. We deliver a reliable customer experience across all customer contact points.					
6. Customer-centric performance standards are established and monitored at all customer contact points.					
7. CRM responsibilities of customer contact employees are clearly defined, assigned and understood.					
8. Our employee training programs are designed to develop the skills required for acquiring and deepening customer relationships.					
9. Our frontline employees are encouraged and empowered to positively exceed customer expectations.					
	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
Knowledge Management Dimension					
1. We take customer feedback seriously and reply to them.					
2. We have effective customer recovery strategies including guarantees for service failures.					
3. Customer and employee feedback is taken using a variety of direct and indirect measures.					
4. We broadcast to the employees the feedback given by our customers.					
5. We use information from customers to design or improve our products or services.					
6. We analyze the causes of customer defection through exit interviews and lost customer surveys with the aim to win back customers who have strong profit potential.					
7. We do customer classification using Customer Lifetime Value (CLV) / revenue contribution or other related metrics.					
8. CBE has a process in place to check and obtain customers' permission to interact with them using various channels like telephone, internet etc.					
9. We have a well-developed privacy policy to ensure confidentiality of data collected from customers.					
10. We have a differential reward system that rewards customers based upon their profit/ revenue contribution.					
Technology-based CRM dimension					
1. Our bank uses technology to automate marketing, sales, and service functions.					

2. Our information systems are designed to give comprehensive data about all aspects of our customers, so that we can be responsive to them.					
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Part B. General and Demographic Information

1. Please indicate your gender.

Male Female

2. Please indicate your highest level of education.

Diploma Degree
 MA PhD

3. Please indicate your job title in the Bank.

Branch Manager Customer Service Manager
 Customer Relationship officer
 Customer Relationship Manager – Business and Corporate Customers

4. Please indicate your years of job experience in CBE.

1-3 years 11-20 years
 4-10 years >20 years

ለባንኩ ለደንበኞች የቀረበ መጠይቅ

ቅድስተ ግርያም ዩኒቨርሲቲ ድህረ-ምረቃ ት/ቤት

ቢዝነስ አስተዳደር ድህረ-ምረቃ ትምህርት ክፍል

ክቡር ደንበኛ በቅድሚያ ይህን መጠይቅ ለመሙላት ፈቃደኛ ስለሆኑ አመሰግናለሁ።

ይህ መጠይቅ የተዘጋጀው የኢትዮጵያ ንግድ ባንክ የደንበኞች ግንኙነት አገልግሎት አሰጣጥን ለመመዘን ነው።

በዚህ መጠይቅ ላይ የሚያሰፍሩት ማንኛውም መረጃ ለትምህርታዊ አገልግሎት ብቻ እንደሚውል እየገለፅኩ፤ ከዚህ በተጨማሪም ግላዊ መረጃዎች በጥቅል ለሚደረግ ምርምር ግብአትነት ብቻ እንደሚውሉ ላረጋግጥሎ እወዳለሁ።

ክፍል 1- የደንበኞች ግንኙነት አገልግሎትን በተመለከተ

ከዚህ በታች ለተዘረዘሩት መግለጫዎች የ ምልክት በማድረግ የሚመርጡትን ያመልክቱ።

መግለጫ	በጣም አልሰማም (1)	አልሰማም (2)	አስተያየት የለኝም (3)	አሰማለሁ (4)	በጣም አሰማለሁ (5)
1. ባንኩ ለተቀዳሚ ደንበኞቹ ክፍላሳታቸው ጋር የሚጣጣም አገልግሎት ይሰጣል።					
2. ባንኩ ተቀዳሚ ደንበኞቹን ለማርካት ሁልጊዜ ይጥራል።					
3. ባንኩ በህዝባዊ በዓላት ለተቀዳሚ ደንበኞቹ የመልካም ምኞት መግለጫ ይሰጣል።					
4. ባንኩ ለሚሰጣቸው አገልግሎቶች ከደንበኛው ጋር ባለው የሥራ ግንኙነት መሠረት በስምምነት የተለያዩ የአገልግሎት ዋጋ ያስቀምጣል።					
5. ባንኩ ለደንበኞች የላቀ አገልግሎት ለመስጠት ከስሙጥር ተቋማት ጋር በህብረት ይሰራል።					
6. የባንኩ ሠራተኞች ደንበኞች የባንኩን የተለያዩ አገልግሎቶች እንዲጠቀሙ ያበረታታሉ።					
7. ባንኩ ለአገልግሎት መጓደል /መቋረጥ ዋስትና ይሰጣል።					
8. ባንኩ የደንበኞቹን ቁጥር ለማሳደግ ደንበኞች ሌሎች ደንበኞችን እንዲያመጡ ተገቢውን ጥረት ያደርጋል።					
9. ባንኩ የደንበኞችን አስተያየት ተቀብሎ ተገቢውን ምላሽ ይሰጣል።					
10. ባንኩ የደንበኞቹ አስተያየት እንደግብአት ተጠቅሞ የሚሰጠውን አገልግሎት ያሻሽላል፤ አዳዲስ አገልግሎቶችንም ያስተዋውቃል።					
11. የባንኩ አመራር ከደንበኞች ጋር መልካም ግንኙነት መገንባት አስፈላጊ እንደሆነ ያምናል፤ ለተግባራዊነቱም ይሰራል።					
12. ባንኩ ያለውን የገንዘብና የሰው ሃይል ተጠቅሞ ከደንበኞቹ ጋር መልካም ግንኙነትን ለመፍጠር ይጥራል።					
13. የባንኩ አሰራር ቀልጣፋና ምቹ ነው።					
14. ባንኩ ለደንበኞች ምቹ አገልግሎት ለመስጠት ተደራሽ የሆኑ ቅርጫፎች አሉት።					
15. ባንኩ በሁሉም የባንክ አገልግሎት ዘርፎች አስተማማኝ አገልግሎት ይሰጣል።					

16.የባንኩ ሠራተኞች ደንበኛን ለማገልገል የሰለጠኑና ብቁ ናቸው።					
17.የባንኩ ሠራተኞች ከተሰጣቸው ኃላፊነት በተጨማሪ በግል ተነሳሽነት ደንበኛውን የበለጠ ለማገልገል ይጥራሉ።					
18.ባንኩ የደንበኞቹን መረጃ በሚስጥር ይይዛል።					
19.ባንኩ ለትርፋማነቱ ከፍተኛ አስተዋፅዖ ላደረጉ ደንበኞች ሽልማት ይሰጣል።					
20.ባንኩ በዘመናዊ ቴክኖሎጂ የታገዘ አገልግሎት ይሰጣል።					
21.ባንኩ የደንበኞቹን መረጃ ሁሉን-ዓቀፍ በሆነ መልኩ ስለሚይዝ የደንበኞቹ ፍላጎት የበለጠ መረዳት ይችላል።					
22. ባንኩ ደንበኝነታቸውን ያቋረጡ ተቀዳሚ ደንበኞችን በማነጋገር ወደ ባንኩ እንዲመለሱ ጥረት ያደርጋል።					
23. የባንኩ የደንበኛ ግንኙነት ሠራተኞች ኃላፊነታቸውን በሚገባ ያውቃሉ።					
24. ባንኩ ለትርፋማነቱ በሚያበረክቱት አስተዋፅዖ መሰረት ደንበኞቹን በተለያዩ ክፍሎች በመመደብ አገልግሎት ይሰጣል።					

ክፍል 2 - መሠረታዊ መረጃዎች

የ ምልክት በማድረግ የሚመርጡትን ያመልክቱ።

1. የታ፤ ወንድ ሴት

2. የባንኩን አገልግሎት የሚጠቀሙት፤

ለግል ለንግድ ሆራ ለሁለሁለቱም

3. ከዚህ ባንክ ጋር በደንበኝነት ምን ያህል ዓመት ሠርተዋል?

≤3 ዓመት 4-10 ዓመት 10 ዓመት በላይ

4. በባንኩ የሚጠቀሙት አገልግሎት፤ (ከአንድ በላይ ማመልከት ይችላሉ።)

የተቀማጭ ሂሳብ ተንቀሳቃሽ ሂሳብ የብድር አገልግሎት

የሃዋላ አገልግሎት ኤ.ቲ.ኤም የክሬዲት ካርድ አገልግሎት

አመሰግናለሁ

