CHAPTER-2

REVIEW OF RELATED LITERATURE

This section of the thesis is divided into different topics that concern the research topic. Studies published previously will be included in this section. Customer retention, customer loyalty, technology (CRM software), customer acquisition and general banking service and products are the sub topics under this section.

2.1 Customer retention:

Customer retention is considered an important issue with any business. It is now well recognized that an old customer retained is worth more than a new one customer one (Joseph and Xavier April 2006). One of the best ways to retain a customer is through offering of good services. A satisfied customer is likely to remain with the bank and even refer others too. Hence enhance business. Customer retention is an important element of banking strategy in today’s competitive world.

Retention and satisfaction are correlated, when a customer is satisfied he is likely transacting with the bank. As he continues transacting a relationship is established. Good relations lead can make the customer speak well about the bank through positive word of mouth (customer referral). Customer referral ought to be encouraged it works well with rewards and appreciation. But on the other hand not all retained customers are satisfied customers. Some of the retained customers or loyal customers might exist because of some reasons like convenience, no other options or even some accounts are circumstantial for example an account opened just for receiving salary. (David, Christopher, Hua and Esther 2006) observed in their study that customers saw little advantage switching since they perceive that all banks provide the same range of products and services. This is common with many customers in India and Kenya. Hence when customers are retained it doesn’t mean satisfaction. It’s easy to duplicate most bank products because banks provide nearly identical
services hence banks can only distinguish themselves on the basis of price and quality. Therefore, customer retention is potentially an effective tool that banks can use to gain a strategic advantage and survive in today’s ever increasing banking competitive environment. A customer who stays loyal to the bank creates more utility. Beckett. et al (2000) draw tentative conclusions as to why customers appear to remain loyal to the same financial provider, even though in many instances they hold less favorable views towards these service providers. For example many consumers tend to perceive little differentiation between financial providers, making any change essentially worthless. Secondly, consumers appear to be motivated by convenience or inertia. Finally consumers associate changing banks with high switch costs in terms of the potential sacrifice and effort involved.

2.2 **Customer loyalty**

Dr. N. Balasubramanian and Dr.K.Sathyanarayan (2008) have written about consumer trust, value, and loyalty in relational exchanges. In their paper they discuss that the objective of relationship management is to establish, develop and maintain successful exchanges” The success of any business lies in maintaining a strong base of loyal customers. The organization exists for the customers and the customers are the deciding forces behind success or failure of a business organization. The growing importance of relationship management has heightened interest in the role of trust in festering relationship. Berry (1996) emphasizes, “Trust is the single most powerful marketing tool available to a company”. Customer trust is important, as trust transforms into loyalty much like a caterpillar transforms into a butterfly Oliver (1999). The model develop here is based on the works Michele Pauline et al (1998) Craig C. Julian and B.Ramaschan (1994) Deepak Sirdeshmukh, Jagdip Singh, Barry Sabol (2002) which focused on dimension on management policies and practices (MPP) front line employee (FLE). Trust in MPP and FLE that linked with satisfaction. The research made changes by keeping
dimensions of MMP and dimensions of FLE behavior, trust in MMP, and trust in FLE as it is, introduced value and loyalty, and linked with trust in FLE and trust in MMP.

Dimensions of trustworthiness behavior:

Operational competence:
Competence is defined as “an ability to a marketer to meet his promise to the best satisfaction of his customers”. For example; Mayers, Davis and Schoorman’s (1995). Conceptual model includes ability or that group of skills, competence and characteristics that enable a party to have influence within some specific domain as a key element of trustworthiness.

Operational Benevolence:
Behaviors that reflect an underlying motivation to place the consumer’s interest ahead of self-interest. The notion of operational benevolence recognizes that simply having benevolent motivation is not sufficient rather this motivation needs to be operational in visible FLE behaviors and MPP’S that unambiguously favor the consumers interest even if a cost is incurred in the process.

Problem Solving:
Consumers evaluation of FLE and management and motivational to anticipate and satisfactorily resolve problems that may arise during and after exchange. Bitner, Booms and Tetreault (1990), Zeithaml (1990), says problems often arise during and after a service exchange. The service literature offers conceptual and empirical evidence to suggest that problem solving orientation is a distinct factor in consumer judgments. Zeithmal and Bitner (2000) note that “for specific need for (problem-solving) training… effective recovery skills include redressing the customer’s problems, taking initiative, identifying solutions and improving Capantone, Graham and Mintu-Wimsatt (1998). Solving is characterized by behaviors that are cooperative, integrative, need focus, and are information-exchange oriented.
Another proponent Zeithaml (1988) defines value as the consumers’ perception of the benefits minus the costs of maintaining an ongoing relationship with the service provider. Relational benefits include the intrinsic and extrinsic utility provided by the ongoing relationship and associated costs include monetary and non-monetary sacrifices that are required to maintain the relationship. The central role of consumer value has been conceptualized and empirically demonstrated in marketing literature. (Houston and Gassenheimer); Kotler (2000) says value maximizes consumers in calls for building consumer value centric. Holbrook (1994) goes as far as to note that customers’ value is the fundamental basis for all marketing activity.
Value in turn is hypothesized as affected by judgments of FLE and MPP trust. Specifically trust creates value by providing relational benefits derived from initiating with the service provider that is operationally competence benevolence towards the consumer and committed to solving exchange problems. YUPING LIU Project titled “The long-term impact of loyalty programs on consumer purchase behavior and loyalty” (October 2007). The author writes that as an important component of a firm's customer's relationship management strategy loyalty programs aim to increase customer loyalty by rewarding customer for doing business with the firm. Through these programs, firms can potentially gain more repeat business and at the same time, obtain consumer data that aid future CRM efforts. He defines loyalty program as a program that allows consumers to accumulate free rewards when they make repeated purchases with a firm.

Such a program rarely benefits consumers in one purchase but is intended to foster customer loyalty over time”. Consumer loyalty is a deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future. Loyalty programs are often considered value-sharing instruments and can enhance consumer’s perceptions of what a firm has to offer. Bolton, Ruth and Bramlett 2000 Yi and Jeon 2003. This value enhancement function is important because the ability to provide superior value is instrumental to customer relationship initiation and retention (Sirdeshmukh, Singh and Sabol 2002; Woodruff 1997).

Indeed, enhanced value perception is considered to a loyalty program’s success. (O’Brien and Jones 1995). The free reward functions as a positive reinforcement of consumer purchase behavior and conditions them to continue doing business with the firm. Psychologically, giving free rewards to customers shows the firms appreciation and personal recognition of its customers. This sense of being important can enhance consumer’s overall sense of well-being and deepen their relationship with the bank.

A necessary condition for any relationship to develop is the commitment of both parties in the relationship. Loyalty programs can alleviate the lack of commitment and reduce customer defection by raising switching costs. Because loyalty program reward customers for their patronage, consumers
tend to focus their purchases in one program to maintain benefits they receive.

2.3 **Technology:**

The banking industry is undergoing a rapid and radical transformation due to the all-pervasive influence of IT (information technology) and breathtaking developments in the technology of telecommunications and electronic data processing. This has radically altered the traditional ways of doing banking business and allowed banks to wipe out the difference in time as well as distance. The key to survival of banks is retention of customers and loyalty by providing them with value-added services tailored to their needs, using state-of-the-art IT. There is no way a bank can remain lukewarm to hi-tech and yet hope to grow. It is a choice between survival and extinction.

Theorists in this area still emphasize a firm's performance and customer value though they still talk about dual creation of a firm and value (Payne and Frow 2005; Rogers 2005; Vargo and Luch 2004). Here we raise the question whether the fields focus on CRM sheds light on the understanding of customer firm behavior or whether it just creates more “heat”. Many vendors argue that CRM requires a paradigm shift in firm behavior (William, Richrd 2005).

The article discusses that the key component of CRM because the emphasis is not on how to sell the product but rather on creating value for the firm (staying in existence). In other word, it is a process of dual creation of value. Levitt (1969) introduced the concept of an augmented product stressing that consumers are interested in the total buying experience, not just the core product. Again, CRM relies on this concept because it tries to find the specific elements of the exchange process that produce value to the customers. Bagozzi (1974) refocused people’s attention on the actual exchange process by re-interacting the fundamental economic concept that an exchange occurs only when both parties perceive that they are receiving value. Almost ten years after Berry (1983) shifted the emphasis to the relationship between the company and the customer.
Specifically CRM relates to strategy, the management of the dual creation of value, the intelligent use of data and technology, the acquisition of customers knowledge and the diffusion of this knowledge to the appropriate stakeholders. The development of appropriate (long-term) relationships, with specific customers and the integration of processes across the many areas of the firm. In addition, across the network of firms that collaborates to generate customer value.

Using a case study approach Ryals (2005) shows that one of the business unit she studied was able to achieve a 270% increase in business unit profits (above target) by implementing several straightforward CRM measures. Using a multiform (cross-sectional) database, Srinivasan and Moorman (2005) show that firms invest more in CRM activities and technology have greater customer satisfaction. Using another multiform databases, Mithas, Krishnan and Fornell (2005) show that the use of CRM applications is associated with greater customer satisfaction. Using yet another multiform database, Jayachandan and colleagues (2005) show that firm performance measured in terms of retention and customer satisfaction is greater for firms have good relational information process in place.

Another article by Satish, Subhash, Peter and Pushkala (October 2005) studies “the role of relational information process and technology use in customer relational management”. They say that essentially customer relationship orientation establishes a “collective mind” (Weick and Roberts 1993) or a belief system for the organization that the customer relationship an asset and drives the choice of means to accomplish this outcome (Day). Because relational information processes are the means to establishing effective relationships, customer orientation motivates their implementation.

A customer centric organization should consist of structural aspects that ensure that organizational actions are driven by customer needs and not by the internal concerns of functional areas. In addition, employee evaluation schemes and incentives should be designed to encourage behaviors consistent with a customer relationship-oriented culture by augmenting the organizations ability to focus on customer
interactions and by ensuring that expertise from different functional areas are deployed to promote quality customer experience.

By providing quick and effective responses to customers, relational information is likely to enhance customer satisfaction by proving consumption-related fulfillment (Oliver 1996). Apart from shaping responses from customers, by enabling customers to communicate easily with the organization, relational information process helps register customer’s complaints and provide them feedback. In addition, the integration of customer information and the sharing of it with key customer contact employees enable customers to communicate with firms more effectively.

Cannon and Homburg (2001) find that frequent and open communication between a supplier and a customer boosts the customer’s efficiency in using the firm’s products or services, thereby improving customer satisfaction and loyalty. Relationship information process may also boost customer relationship learning (Selnes and Sallis 2003) by proving customers with greater understanding of organizations attempts to respond to their demands and enhancing customer satisfaction and loyalty.

Valarie, Mary Dwayne and Ajay 2008 agree that the potential of today’s customer information marketing systems far exceeds any traditional marketing information system that has gone before. These new systems differ from the old in their scale (thousands of bits of information on tens of millions of customers), the depth of information that can be captured on each individual or household and the ways in which the information can be used. They continue by stating that in many cases, access to this information about individual customers allows the organization to customize to the individual level what previously would have been undifferentiated services. In recent years, sophisticated customer relationship management (CRM) software has helped make quality service achievable and efficient. CRM is also revolutionizing the sales function. By providing detailed customer histories, integrated service, and pricing information, these tools allow
the sales person to be consultative and to add more value than in the past. They also point out the drawbacks of CRM systems; They require major monetary and human investments; they often mandate integration of incompatible information systems, significant internal training costs, and incentives to ensure they are used effectively. Frequently they fail at least on the initial try, because some companies do not anticipate the amount of work involved and many do not realize how resistant their employees will be to making necessary changes.

 Despite these drawbacks, many companies now see implementation of front office CRM as not only a potential competitive advantage but also, in some cases, a requirement for survival.

Adrian and Pennie (October 2005): "a strategic framework for customer relationship management" they state that CRM should comprise a small set that addresses tasks critical to the achievement of an organizations goals, second each process should contribute to the value creation process should be at a strategic or macro level. Fourth, the process needs to manifest interrelationships.

They list five processes of CRM:

a) the strategy development process.
b) the value creation process.
c) the multi-channel integration process.
d) the performance assessment process.

For value creation, it is necessary to determine how existing and potential customer profitability varies across different customers and customer segments. Secondly, the economics of customer acquisition and customer retention and opportunities for cross-selling up-selling and building customer advocacy must be understood. How these elements contribute to increasing customer lifetime value is integral to value creation. Calculating the customer lifetime value of different segments helps the organization to focus on the most profitable customers segments.

The value process is important because it translates business and customer strategies into specific value proposition statements that delivered to
customers and thus, it explains what value is to be received by the organization, including the potential for co-creation.

Sunil, Krishnan, and Claes (2005): “why do customer relationship management applications affect customer satisfaction”. The primary goal for a firm to implementing CRM applications are to track customer behavior to gain insight into customer tastes and evolving needs.

Davenport and Wahr (1998) argues that customer knowledge has certain attributes that make it one of the most complex types of knowledge. For example, customer knowledge may be derived from different sources and media and may have many contextual meanings. Customer knowledge is also dynamic and it changes rapidly.

Customer relationship management applications facilitate organizational learning about customer by enabling the analysis of purchase behavior across transactions through different channels and customer touch points. Glazer (1991) provides examples of how FedEx and American airlines used investments in IT systems at the customer interface to gain valuable customer knowledge.

Firms with greater deployment of CRM applications are in a greater position to leverage their stock accumulated knowledge and experience into valuable customer support process. In addition, firms with a greater deployment of CRM applications are likely to be more familiar with the data management issues involved in initiating, maintaining and terminating a customer relationship. This familiarity gives a firm a competitive advantage in leveraging their collection of another customer data to customize offerings and to customer needs.

CRM applications also enable customer contact employees to record relevant information about each customer transaction. After this information is captured, it can be processed and converted into customer knowledge based on information-processing rules and organizational policies. Customer knowledge captured across service encounters can then be made available for all future transactions enabling employees to respond to any customer need in a contextual manner. Firms too can use customer knowledge to profile customers and identify their needs based on similarities between their purchase behaviors and those of other customers. Firms can share their
accumulated customer knowledge with customers to enable them those
customers to serve them by defining the service and its delivery to suit their
needs. Prahalad, Ramaswamy and Krishnan (2002). The process of customer
self-selection of service feature provides additional opportunities for firms to
learn their customers evolving needs and to deepen their customer
knowledge.

**Quality Function Deployment**

Nikhil and Bhagadan (August 2008) Quality function deployment (QFD) is a
way of making the voice of the customer heard throughout the organization.
It’s a systematic process of capturing customer requirements that must be
met through the supply chain.

It’s a customer-oriented approach, supporting design teams in developing
new products based on the assessment of customer needs. The design team
needs to listen to the voice of the customer. However the question is how to
incorporate, the customer’s spoken, unspoken, and present and future needs
into a company’s products or services. Different types of customer needs and
level of satisfaction in terms of the degree of requirements fulfilled may be
analyzed by using the Kano model. Customers are more satisfied when they
have their unspoken demands (non-voice) fulfilled from a typical product or
service.
In the diagram above customer satisfaction is revealed the moment their unspoken needs are fulfilled and on the other hand dissatisfaction comes about as a result of the customers unspoken needs not being fulfilled. The upper right side of the diagram is the satisfaction chamber for the customers.

QFD was developed in Japan in the late 1960’s by professor’s Shigeru Mizuno and Yogi Akao.

**The Concept:**

QFD is a means of translating customer requirements into appropriate technical requirements for each stage of product or service development and production. It seeks to answer six questions.

1. **Voice of the customer**: what do our customers need and want.
2. **Competitive analysis:** - in terms of customer satisfaction how well are we doing relative to our competition.

3. **Voice of the technical team:** - what technical measure relate to our customer’s needs?

4. **Correlations:** - what are the relationships between the voice of the customers and the voice of the technical team?

5. **Technical comparison:** - how does our product or service performance compare to that of our competitor?

6. **Trade-off:** - what are the potential technical trades-offs?

   QFD gives us an idea about how to fit customer requirements into technical characteristics to ensure more customer satisfaction.

7. **Product planning:** customer requirements, design requirements are determined, which if satisfied, will result in achieving customer requirements.

8. **Product development:** design/redesign and fabrication of new or modified product and then testing to find its usefulness. In order to meet the customer changing need’s maintain sales and profit margins.

**Khanna and Khanna (1992)** advocate the following;

1. Get new ideas.

2. Evaluate ideas technically.

3. Evaluate ideas from market point of view.

4. Take the final decision.

5. Get into production and;

6. Introduce product into the market.

**Process planning**:

Is the systematic determination of the methods by which a product is to be manufactured economically and competitively? When a product is manufactured certain specifications are established physical dimensions, tolerances, standards and quality are set forth. Then it becomes a matter of deciding the specific details of how to achieve the desired output. This decision is the essence of process planning. Much information such as quantity of work to be done, availability of equipments, tools and personnel,
sequence in which operates will be performed, standard of time of each operation and when the operations will be performed is required to do process planning.

**HOQ (House of quality) as a QFD tool:**
It’s a collection of six interrelated materials clustered in such way that essentially gives the shape of a house having boundaries, parameters, ceiling, and roof etc.

**Diagram: - HOQ house of quality as a QFD tool:**

![Diagram of HOQ house of quality]

**The cluster attributes:**
The left walls represent customer requirements determined by the market research, which is essentially the voice of the customer.
**The technical descriptions:**
The ceilings of the house contains the technical descriptors describing how the product may achieve its required performance which are not solution-specific that represents the voices of the designer.

**Relationships:**
The interior walls of the house are the relationships between customer attributes and technical descriptions, indicating whether they are strong, moderate or weak relationships.

**Technical matrix:**
The foundation of the house is the prioritized technical descriptors based on the relationships between customer attributes and technical descriptors. Items such as technical benchmarking, degree of technical difficulty, and target values are listed.

**Technical correlations:**
The roof of the house is the technical correlations representing the interrelationships among technical descriptors. This correlation is important to show to what extent the technical descriptors may be mutually supporting and contradictory.

**Planning matrix:**
On the right side are the prioritized customer requirements or planning matrix providing quantitative market data for each of the customer attributes based on user research, competitive analysis or term assessment.

**Building a HOQ:**
Marketing quality team (or say, QFD), and technical experts should work collectively to design the house that will ensure better quality for the customers.

Seven steps are involved;

1. **List customers requirements (what's):**
   Start with a list of goals/objectives. This is the voice of the customer collected from a rigorous process. A primary customer requirement may encompass numerous secondary requirements better represent the details that those on the list of primary customer requirements, they are often not actionable by the engineering staff and require further definition. Primary and secondary requirements of customers in bank
have been identified and extended further for more specific requirements under the head of tertiary requirements. The primary requirements are aesthetics and performance related.

2. **List technical descriptors (How’s):**

   The QFD team must come up with engineering characteristics or technical descriptors (How’s) that will affect one or more of the customer requirements. These technical descriptors make up the ceiling or the second floor of the house of quality. Each characteristic must directly affect customer perception and be expressed in technical terms.

3. **Develop a relationship matrix between what’s and how’s:**

   The purpose building a HOQ is to compare the customer requirements and technical descriptors determining their respective degree of relationships. Tracing the relationships between the customer requirements and technical descriptors may be very confusing, because each customer requirement may affect more than one technical descriptor and vice versa. It is common to use symbols to represent the degree of relationship between the customer requirements and technical descriptors.

   - A solid circle (●) represents a strong relationship and carries 9 points.
   - A single circle (○) represents a medium relationship and carries 3 points.
   - A triangle (▲) represents a weak relationship and carries 1 point and;
   - The box is left blank if no relationship exits, carrying 0 point.

   After the relationship has been completed it is evaluated for empty rows of columns. An empty row indicates that a customer requirement is not being addressed by any of the technical descriptors.

4. **Develop an interrelationship matrix among How’s:**

   The roof of the HOQ known as correlation matrix is used to identify any interrelationship between each of the technical descriptors. The correlation matrix is a triangular table:

   - ● Strong positive relationship.
   - ○ Positive relationship.
   - × Negative relationship.
5. **Competitive assessments:**
Tables are separated into two categories customer assessment and technical assessment. The numbers 1-5 are listed in the competitive evaluation column to indicate a rating to the worst and 5 for the best appraisal of the organization relative to its competitor in terms of each customer requirements useful in uncovering gaps in engineering judgment.

6. **Develop prioritized customer requirements:**
They contain columns for important to customer target value, scale-up factor, sales points and an absolute weight. The QFD team ranks each customer requirement by assigning it a rating number 1-10 are listed in the importance to customer column to indicate a rating of 1 for least importance and 10 for very important.
The target value column is where the QFD team decides whether they want to keep their product unchanged, improve it or make the product better than that of the competitors.
The higher scale up factor; the higher the number, the more effort needed therefore
Scale-up factor = the target value percent of our product value.
The objective is to promote the best customer requirement and remaining customer requirements that will help in the sale of the product.
Finally the absolute weight is calculated by multiplying the importance to customer, scale-up factor, and sales point.

7. **Develop prioritized technical descriptors:**
This step contains a degree of difficulty, target value, absolute and relative weight. The degree of difficulty when used helps to evaluate the ability to implement certain quality improvements. Target value measures values that must be contained to achieve the technical descriptor. The target value for each technical descriptor is determined in the same way the target value was determined for each customer requirement. The absolute weight for each technical descriptor is determined by taking the dot product of the column in the relationship
matrix and the column for importance to customer. The relative weight for each technical descriptor is determined taking the dot product of the column in the relationship matrix and the column for absolute weight in the prioritized customer requirements. Higher absolute and relative ratings identify areas where technical efforts need to be concentrated.

**Completing the house of quality:**
It is evident that for completing the HOQ, we need a lot of data and calculations to fit into the house. The study explains the algorithms required for completing the HOQ.

**Prioritized customer requirements:**

**Importance to customer:**
The QFD team ranks each customer by assigning it a rating number from 1 to 10 and lists them in the importance to customer column. The more important the customer requirement is, the higher the rating will be.

**Target value:**
This is where the QFD team decides whether they want to keep their product unchanged, improve the product or make the product better than that of the competitors.

**Scale-up factor:**
The scale-up factor is determined by dividing the target value by the product rating given in the customer competitive assessment. For instance, if ‘relationship with customer’ has a product rating of 8 and target value is 4, then the scale-up factor is 2. Other scale-up factors are calculated in the same way.

**Sales point:**
The objective here is to promote the best customer requirements and any remaining customer requirements that will help in the sale of the product. For example, the sales point is a value between 1 and 2, with 2 being the highest. Kevin and Joseph (1998) they say that “many billions of dollars are spent annually by financial institutions worldwide in support of their information technology needs. In addition, quite a few firms already exceed 1 billion each in total spending on information technology”. How unfortunate, then that so many firms have so little to show after spending, so much money, exactly how
much effort is wasted is very difficult to estimate, even though we all know of nightmare scenarios of projects that have ended as awful failures, page 1-2. Financial institutions are also increasingly dependent on information technology because of the growing complexity of investment products and the need to manage their associated risks, firms that fall too far in the IT race stand to lose much more than their competitive advantage, page 4. Fundamentally planning should ensure that IT is in tune and integrated with the firm’s business strategy. A well constructed technology plan respects the paradoxes of technology. Only those organizations with the timeless essentials, like vision, entrepreneurial culture, and the ability to execute will realize a return on their technology investments. A Technology plan aligns the bank’s information system investments and initiatives with its business strategy. Dan M. Fisher says that customer independent technology empower customers to relatively routine service requests quickly, efficiently, and in a 24 x 7 environment without going to an institution branch office or contacting the institution’s employees. Fred Squler continues by saying that financial services have been evolving from the use of brick and mortar structures as the anchor for attracting consumers. In today’s environment almost every financial services company offers some alternative method for conducting business. ATM’s have become mandatory delivery systems in this competitive environment.

S.M Padwal (1996) discusses the developments taking place in these critical areas of IT: on-line transaction processing, electronic payment systems, electronic fund transfer, computerized information systems, decision support systems, expert systems, databases using multi-media, networking of field units, controlling offices and corporate offices, linking banks with customers, home-banking, voice response units, frequent re-organization, office automation, teleconferencing emergence of project teams, improved customer service, tapping new markets with new products and services have changed the way banks are functioning, in developing countries page 1.

Against the background of financial liberalization in India on one hand, and the continuous changes taking place in IT products on the other hand, banks are entering into newer areas of mutual funds, merchant banking factoring, leasing and financial counseling. Thus Indian banks feel the need to work out
their future strategies in the changed context and the emerging environment. Banking is no more a business related to only money transactions it is now perceived as business related to information on financial transactions, pages 11-12.

In the banking sector many banks operate through networks this enables speedy inter-bank transactions, hence customers can utilize services like credit and debit cards easily.

Computers are no longer used for operational efficiency but to improve customer services. Page 15 technology departments as institutes are being asked to provide innovative and flexible systems to meet the needs of the bank and its customers.

R.K Uppal (2008) more than other industries, financial institutions rely on gathering, processing, analyzing and providing information in order to meet the needs of customers. Hence adoption of automated information processing technology. Services include Automated teller machines ATM's, smart cards home banking, tele-banking, internet banking core banking- centralized database, only one sever HUB MIS management information system quick accurate decisions, electronic clearing service across cities, bulk payments.

The services have enabled the bank to: - save time, increase storage capacity, save money, improve data accuracy, and maintain data security. Consumer e-banking as also enabled round the clock banking and profitability, convenient banking, speed banking low cost banking quality banking service banking and virtual banking. There has been a change in the delivery of services to customers due to technological changes.

Paulo Ana and Chris (2010) they say that “while new technology is generated in only a few research and development intensive economies, the the expansion in the volume of capital goods trade indicates the broader availability of technology embodied in new machinery and equipment, yet when forced with similar technological alternatives, firms in some countries choose less efficient technologies even when more efficient ones are available because barriers to new to new technology adoption distort the relative payoffs in favor of suboptimal technologies. Countries have widely divergent hiring standards not because they access different stocks of knowledge, but because of differences in constraints imposed on technology
choices pages 121-122. They continue to say that fully foreign-owned firms and joint ventures exhibit significantly better technology adoption outcomes, but privatization to domestic owners is not systematically associated with more frequent technology adoption pages 122”. Web use captures the adoption of general-use information and communication technologies that allow firms to process and transmit information faster, improve management and internal organization, and achieve efficiency gains. It helps firms to compare across firms, sectors and countries pages 124. Firms adopt technology on the basis of profit maximizing, cost-benefit assessment of different alternatives.

Comment from Journal of Banking:
Feb 2010 volume XXIX No. 2, State bank of India introduces SMS complaint service to simplify grievances and redress customers. Customer can type unhappy massage. “our aim is to solve normal problems of our customers within 48 hours after receiving the SMS” pages 4, Chief General Manager State bank of India Adhra Pradesh Mr. Shiva Kumar.
May 2010 volume XXIX No. 5, Increase in A.T.M from 20,000 two years ago to 45,000 in 2009 and is poised to cross 100,000 by 2013 according to RBR a London based retail research group. But A.T.M’s are not focused on specific customer needs.
July 2010 volume XXIX No. 7, banks are keen to use mobile phone technology to extend the scope of financial inclusion. Present guidelines allow mobile phone users to deposit upto Rs. 5000 with telecom operators that can be used for merchant transactions, but no physical transfer of funds is allowed outside up of the banking system. This type of program has been implemented in Kenya through mobile phone operators like Safaricom it’s known as “Mpesa “ which means mobile money, a customer can transfer cash any time through their phone but there is no collaboration with banks at all. The scheme was introduced to reach ou to the rural customer who do not have access with banks. It has been a success so far. In South Africa the same program exists A.T.M and mobile payments Absa’s cash send offering, which enables person-to-person payments via SMS, and allows the recipient to withdraw the sent funds at an A.T.M.
January 2010 volume XXIX No.1, it goes to say that Kiran shop (small neighborhood retail shops), insurance agent, retired teacher and the nearby petrol pump could provide slew banking services like deposits and withdrawals, opening of accounts from their premises for fee predecided by the bank.

March 2010 volume XXIX No. 3, “customer will soon get more time to do online transfer as the reserve bank has extended the operating hours of thr National Electronic Funds Transfer (NEFT) system by two hours on weekdays and one hour on Saturday”. Banks will allow customers withdraw cash upto Rs. 1000 per day at point of purchase sales outlets, hoping to increase their share of CASA (current account saving account), which are cheaper than term deposits. Reach out to customer in unbanked areas.

Dr. Haseeb Drabu in the interview he says that “use of technology for financial inclusion is very critical because it is an area of business which is not fully tapped and has a huge potential”.

Paul Skeldo March 2010 “ mobile marketing and light speed partners suggest that 14% of United Kingdom UK adult customers and 9% of French and German adults consumers are already using mobile banking services. Projected interests levels also suggest the usage will rise by between 3 and 11 percentage points within the next year, with UK consumers leading the way”. Page 21.

Mobile banking offer huge customer service opportunities, but their has been little change because banks still offer the same services like simple text alerts as overdraft looms or in meeting balance enquiries. But they are still going strong. Light-speed study or Mobile Marketing Association of consumers in France Germany and UK says that SMS is currently the most popular medium for the delivery of mobile banking services and information followed by Internet. But this is not the case in the developing world like the case if India and Kenya.

“Traditionally mobile remittance has been seen as a tool to let the unbalanced send money to each other especially in developing countries but today it’s starting to be seen as the next core service for banks to offer to it’s consumers in the developed world. More common currently is the use of mobile to carry some sort of authorization for the collection of transferred
funds using simple text, but these is a growing move within the developing world to start to use mobile as a way of moving money cross border”. page 22.

2.4 **General Banking:**

Denise and Mark, November (2001), “Dependency in major business relationships”:-

They discuss that poor performance or failure of many relationships has caused organizations to reconsider their relationships management approach (Morgan and Hunt 1994). Organizations determined to pursue market advantage value-adding relationships will need to acquire capabilities and build organizational learning to acquire those relationships.

The chain is defined as all those activities that contribute to customer value and includes primary activities of supply, operations, distributions, marketing and after-sales services supported by organizations technology capability, human capability, and an organization’s culture and structure (Porter 1990). With organizations choosing to perform a limited range of these activities, strategic relationships are formed to deliver the balance of activities that consists the total value created for their organizational and customer target groups. Practitioners are moving away from authoritative approaches to managing business relationships along the value chain and are adopting trust and commitment behaviors, managed through contracts and agreed behavior control mechanisms.

Utpal M. Dholakia (February 2006): “How customer self-determination influences relational marketing outcomes evidence from longitudinal field studies”.

This article starts by discussing about concepts such as lifetime value and share of wallet that are now used in practice. However, difficulties with successfully executing relational programs in consumer settings have also been noted. For example, practitioners have cataloged the failure of many customer relationship management investments to yield expected returns (Sandberg 2002) and have described challenges in
the implementation of profitable marketing campaigns even with extensive customer databases (Dyche, 2001).

A challenge in customer settings is how to gauge each customer’s interest in a relationship with the firm, as is done in industrial settings through extensive dialogue (Dwyer, Schurr, 1987). This is because most consumers purchase from many product categories and consider many options in each one. Therefore not every customer, even when he or she matches a target value profile or expresses high levels of satisfaction in a survey, is interested in a relationship with the firm (Fournier, Dobscha and Mick 1998).

In addition, customers choose banks in different ways it can be either through self-determination or through an instigated response from an inducement by external agent. Self-determined choices are accompanied by greater motivation, effort, persistence and engagement over long periods that are other determined choices (Ryan and Dec. 2002).

Utpal point out that self-determined customer join the firm because of a greater preference for its products and this difference rather than motivational differences that stem from self-determination, may drive differences in relational behaviors between the groups. The conventional wisdom among many direct marketers is that reminding customers just before the expected purchase event by giving them a coupon not only encourages repeat purchase but also enhances the relationship (Taylor and Long-Tolbert 2002; Tracey 2002).

2.4.1 Customer Satisfaction:

Leeds (1992) says that approximately 40% of customers switched banks for what they considered to be poor service. Leeds further argued that nearly three-quarter of the banking customers mentioned teller courtesy as a prime consideration in choosing a bank. The study also showed that increased use of service quality/ sales and professional behaviors (such as formal greetings) improved satisfaction and reduced customer attrition.
Fornell (1992) in his study of Swedish consumers notes that although customers appear to be important to all firms, satisfaction is more important for loyalty in industries such as banks, insurance, mail order and automobiles.

Ionna (2002) proposes that product differentiation is impossible in a competitive environment like the banking industry. Banks everywhere are delivering the same products. For example there is only minimal variation in interest rates charged as the range of products available to customers. Bank prices are fixed and driven by the marketplace. Thus, bank management tends to differentiate their firm from competitors through service quality. Service quality is an imperative element in impacting customer’s satisfaction level in the banking industry. In banking, quality is a multi-variable concept, and is critically the staff delivering the service.

2.4.2 Customer perception of value:

Today customers are more value oriented in their consumption of services because they have alternative choices (Slater, 1997; Woodruff, 1997). Gale and Wood (1994) explain how customers make purchase decisions between competing providers. They argue that customers buy value not simply products. Interestingly it was observed that customers learn to think objectively about value in the form of preferred attributes, performances and consequences from using a product in a use situation (Woodruff 1997). Thus, banks must be able to provide “up-close” personal services for customers who come with high expectations. For customers who value convenience most, banks must offer the latest product such as electronic banking, touch-tone account access and Internet banking. Clearly, customer value can be a strong driver of customer retention.

Reidenbach (1995) argued that customer value is a more viable element than customer satisfaction because it includes not only the benefits that most banks focus on but also consideration of the price that the customer pays. Customer value is a dynamic that must be managed. Customer satisfaction is merely a response to the value
proposition offered in specific products/markets (Reidenbach 1995). By this view, banks must determine how customers define value in order to provide added-value services.

2.4.3 **Customer Orientation:**
Alok, Jayant Akhilesh (2003) in their article explain customer orientation as a combination of cognitive and behavior style of the banks employees which gets reflected in one’s interaction with customers. It is necessary for customer to posses this style as it helps customers to make good purchase decisions, assess their needs, and offering products that will satisfy those needs.

The turbulence of today’s competitive environment requires that employees should focus more on the need to design, deliver sustainable and deliver sustainable and convincing customer orientation activities if they are to survive. The bank employees must know what customers want and how best they can satisfy them. Customers always seem t unsure of their needs and sometimes irrational in the expression of and the means to gratify those needs. The role of bank employees as a consequence, involves directing customer’s behavior along a desired path. A bank employee who operates from this perspective would have customer orientation which includes customer driven mission with customer orientated value driven behavior (Mishra and Mishra 2002).

Christian (2006); **brand involvement matrix for financial services.**
The figure above shows the importance in purchasing of ‘involvement’ and whether decisions are based on ‘thinking’ (rationality) or ‘feel’ (emotion). Financial services fall firmly into the ‘considered’ quadrant characterized by high involvement and ‘thinking’ (not ‘feeling’). The purchase process involves choosing from a number of very similar competing offers, coping with unfamiliar terminology, and perhaps lack of confidence in decision-making.

By contrast, product like a family car is a high-involvement but high-‘feel’. It is bought on the basis of emotion, reflecting and having an impact on lifestyle, image and psychological well-being. Importantly, continued emotional involvement with the product each time it is used or worn means continuing involvement with the brand. There is clearly need for brands to move to the right-hand of the quadrant of the matrix. Christian (2006) says that financial brands tend to be perceived as lacking the ability to connect with consumers in the way that other brands in other business-to-consumer sectors do. Financial services tend to be based on value, service and security, yet surely these are generic qualities that should apply to most brands—just ‘hygiene’ factors, not a basis for differentiation, which is what branding, is all about. This is one reason why so many financial brands seem alike. Hence differentiation is the key.

R.K Madhukar (1990) says that “more specifically marketing relates to a technique dealing with acquiring a bigger and better share of the market. It refers to a body of knowledge that deals with the identification, creation and delivery of goods and services that meet the specific needs and preferences of the customers,” Pg 2. The purpose of a business is to create a market and this market means customers. This quotation by Madhukar published in 9165 by the financial public relations association “we have lots of customer all over town, I know they like my bank as much as I do because we are so nice. Almost everyone likes us. Some customers send people to the bank for them and have no more contact with us than their monthly statement. Some nervy people from those other banks go to call on our customers and ask for their business. But they won’t get it because we are such nice folks. I understand some of those banks even go out to see prospective customers instead of letting them come in themselves. We have branches all over town. It is
convenient for them so they will come to see us at our nice offices. Some of those banks go out to “sell” bank services. Everyone knows a bank officer is not a salesman. Salesmen are pests. We’re executives. I’ve even heard that some banks have special meetings to promote selling of bank services. They show films and talk about “prospects”. None of those gimmicks for me. I’m a bank officer and people come to me and my bank because we’re nice”. This is the scenario with some banks especially nationalized or government banks, they lack aggressiveness to reach out to their customers, observations made are most customers in government banks hold their salary accounts with these banks and because of this reason they are forced to go to the bank for transaction in the end they eventually become customers with whatsoever bank they are holding an account. Customer relationship is not a major concern in the banking industry transaction relationship is the drive behind a bank that’s why most banks would follow up with big transaction customers and not the simple customers. Now the reality is most customer who stay with the bank are not satisfied with bank they might stay because convenience, company compulsion, or even they cost and time of changing a bank because change is one thing people don’t like at all. When customers stay a good bank ought to go out to them and talk to them be their friend in doing this customer retention becomes easy hence loyalty and to add on a loyal customer does much business than an advertising campaign could do, he has the trust and experience (word of mouth) it really works.