

# **Customer Relationship Management in the traditional retail banks in France**

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The dissertation is submitted in part-fulfilment of  
the degree of Master in Business Administration in Finance

Dublin Business School and  
Liverpool John Moores' University

2013

**Date of submission:** May 2013

**Word count:** 17 342 words

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## **ACKNOWLEDGEMENTS**

I would like to express my gratitude to the following for all their help throughout the duration of this project.

To my supervisor Michael Kealy, who has always been there to provide encouragement, guidance and critical evaluation throughout the course of this research. Thanks also to all those who answered my questionnaires.

Finally, many thanks to my family and friends for their support and understanding during the course the MBA.

## **ABSTRACT**

Transparency, honesty, consideration, competence, proximity are the guarantees that any company must provide to its customers. The banking sector is no exception to the rule. In these difficult times of financial crisis, the relationship between financial institutions and their customers is complicated dangerously. It is time to restore the confidence between the two parties. Easier said than done, however, the task is not simple. Furthermore, the explosion of media communication and new technologies is another stone to put in an already difficult situation to build customer relationship. Today, the multichannel management for traditional banks are a reality that institutions cannot and should not ignore. Faced with intense competition, especially the evolution of Internet banking, to put the customer in the centre has never been so important. In order to achieve this, traditional banks must put the customer in the centre of their strategy. They use marketing (relationship marketing) to redefine information about current and potential customers to anticipate, respond and exceed to their needs. This practice is known as Customer Relationship Management (CRM), where the main objective is to help companies and financial institutes achieve and sustain competitiveness.

The researcher intended to address this fact within this dissertation and to understand whether the traditional retail banks are competitive towards the Internet banking and if the CRM have a positive impact on the customer loyalty in traditional banking? The study could contribute to the bank managers in France in order to help them in their actual strategy and the orientation of their future strategy. However the study could also be useful for bank managers in other countries.

## **CHAPTER 1: INTRODUCTION**



# **CHAPTER 1**

## **INTRODUCTION**

This chapter will introduce the reader to the dissertation study and set the research in context. The second section explains the aims of this study and Section 1.3 explains the motivation for this study. Section 1.4 introduces the research questions while Section 1.5 introduces the hypotheses. Section 1.6 presents the research approach. Then follows the presentation of the limitation (Section 1.7) and major contribution (Section 1.8) of the study. Finally, the last section of this chapter, Section 1.7, provides an overview of the subsequent chapters.

### **1.1 Background to the study**

#### **1.1.1 The development of the IT system and banks**

The new Information Technology (IT) is becoming an enabling feature in the development of business growth and especially in the financial services industry (Turban et al., 2012). The information technology develops gradually but effectively on the banking area. In the first step, the implementation of voice service via phone and fax, the latter was considered as the main and fastest way, which the customer could access to their account. Secondly, and more specifically in France, the establishment of telematics communication system "Minitel" offered a variety of services to customers. The implementation of electronic services (ATM, call centre, fax, so on) was benefit for both customer and bank (Chimote and Srivastava, 2011).

Activity in the traditional banking sector has experienced an important transformation of channels marketing of products and services. New contact channels have been developed in order to create closer relationships between the customer and bank, and contributed consequently to the strengthening of loyalty (Palmer, 2011) between the customer and their financial institution. Thus, the overall strategy of financial institutions was primarily and specifically, customer-oriented (Ennew and Waite, 2007). Consequently, this change will probably have a negative affect in the profitability of financial institutions. It may be affected by operating expenses, notably network operating expenses, which weigh heavily. To overcome this situation, banks employ the new technologies, which expected to reduce the operating costs of production and operating expenses (Turban et al., 2012).

The service sector and specifically the banking industry, is constantly evolving (Omariba et al, 2012). Banks are one of the most innovators who follow and renovate unceasingly their business, and takes advantages of the new technologies. Electronic commerce and the Internet have brought radical changes to the banking sector, such as the arrival of purely virtual institutions “Internet banking” (pure player) and online banking services delivering by traditional bank though their website (click-and-mortar). For twenty years, there has been in this field a remarkable technological evolution, which has two objectives: to improve banking services in order to respond carefully to various customer needs and finding ways to develop relationships with their customer (Chimote and Srivastava, 2011).

It is in this way that all banks were determined to follow the IT renovators, and pooled their effort in a strategic synergy. Indeed, the control and initiation in this

sophisticated technology have become important in banking strategies. However, there is an important competitiveness of banking market (Ramseook-Munhurrun and Naidoo, 2011), which led banks to build criteria and differentiation between them. Thus, the development of new technologies has been a major component for banks to position themselves differently one to the others. The online banking services proposed by the traditional banks is one of the most successful e-businesses (Goodarzi, 2008). It allows customers managing their money on their bank website, such as checking the balance, transferring money to a third party, payroll payments, ordering cheques, and so on.

### **1.1.2 Evolution of the Internet banking in France**

The Internet banking is in constant evolution over the past few years. According to statistics from Eurostat (2013), which provide statistical information to the institutions of the EU, found that the number of Internet banking users represented 54 per cent of the Internet users in 2012 up from 18 per cent in 2006. 52 per cent of the people aged 16 to 24 (20 per cent in 2006), 63 per cent of 25 to 55 years old people (26 per cent in 2006) and 48 per cent of 55 to 74 years old (6 per cent in 2006) uses Internet.

Since 2006, the banking system in France has been transformed with Internet banking, which is growing rapidly. For example, ING Direct, a leading pure player bank in France, registered a new account of 76% growth in 2011. Pure players in the banking sector are attracting more and more customers who are not satisfied with their traditional bank or seeking to reduce their spending with the financial crisis. They find

that choosing an online bank, allows them to pay less and get cheaper deals than through their traditional agency. Not always satisfied with their banking institution, French people start trusting more and more on Internet banking.

In 2011, more than two million French people have opened an account with a pure player bank. The development of the Internet and mobile telephony leads the success of the Internet banking. According to the world statistics, in December 2011, there was 2 267 million Internet users, which represents 32.7 per cent of the worldwide population comparing to 5.8 per cent (300 million users) in 2000 (Omariba et al, 2012). Thus shows us that the Internet will still play an important role in the future. Furthermore, compared to 2005 the Internet banking consumers almost doubled in 2011 (from 46 million to 72 million households). Therefore the Internet banking will probably continue to growth and accelerate.

In addition, many French people are facing geographical mobility (i.e. businessmen who work in international companies). This situation plays in a positive way for Internet banking as those banks could meet the needs of all people who encounter problems with the availability to go to a physical bank. Furthermore the use of Internet banking allows those people managing their bank account anytime and anywhere. It saves time and money. The only transactions that cannot be done online are cash deposits and withdrawals.

### **1.1.3 Evolution of relationship in the traditional retail banks**

In France, the two main challenges in the banking area are the threat of new entrants and the increase of competition. The Internet banking rises the competitiveness inside the banking markets. In order to be competitive most of the traditional retail banks implement their own website delivering online services. Some use it as a major competitive strategy and believe it is essential to be competitive (Turban et al., 2012).

The evolution of IT has changed the interaction mode between Bank and Customer. Banks have gradually moved from face-to-face relationship to a faceless relationship (Gummesson, 2002), for instance in the use of ATM and online banking services proposed by the traditional banks such as new interaction by mail, online direct communication (chatting) through customers' bank website account.

According to Gummesson (2002), the relationships are central for business people; therefore, CRM system (Customer Relationship Management) has become an imperative strategy in the banking area (Tamilarasan, 2011) in order to develop interaction with customers to gain customer retention. Banks are the prime users of CRM (Han-Yuh, 2007). The CRM is an important valuable asset for banks. Invest in this relationship asset generates returns of long-term profit and also generates value for shareholder. (Person, 2011)

## 1.2 Research Objectives

In the banking sector, there are traditionally three different channels: the traditional retail branch that called brick-and-mortar, the click-and-mortar which activity is in support of the Internet service and the virtual banks, pure player, which have no physical location and has only online transactions (Turban et al, 2012). This study will focus on the click-and-mortar, as today; most of banks have implemented their own online services in the traditional banks. The researcher will investigate among people using their bank website services in order to assess whether traditional retail banks are competitive towards the Internet banking and if the CRM have a positive impact on the customer loyalty in traditional banking? Furthermore, this dissertation will focus only on the people who use their traditional bank website services, in France. The researcher used in this study the term “online banking services” to reference services delivered online by the traditional retail banks.

The main purpose of the present dissertation is:

- To identify effectiveness gaps in use of online banking services between older people and young people.
- To assess the perception of online banking services from French users towards the importance of physical contact at bank level.
- To analyse whether French people are ready to switch from Click-and-Mortar to Pure Player bank.

### **1.3 Motivation for the study**

The inspiration of this study is from personal interest in the financial area, especially the banking institutes, where I worked as internship for more than one year. Furthermore, the adoption of the online banking services has significantly increased in the recent years. During my internship period in a financial institute, I saw that customers come less and less in the bank branch and did most of their transactions through the bank website. Therefore, people wonder whether the Internet banking will substitute the traditional banking, this motivates the researcher to get an in-depth investigation.

The researcher hopes that this dissertation could provide some useful perspective to managers on banks future strategy and recommendations will be given according to the research result.

### **1.4 Research questions**

The present study attempts to answer the following research question:

- Are the traditional retail banks are competitive towards the Internet banking in France?
- Does the CRM have a positive impact on the customer loyalty in traditional banking?

## **1.5 Research hypotheses**

The research hypotheses for this research are:

- Customer relationship management increase the quality of online banking services.
- Service quality enhance customer's satisfaction
- Customer satisfaction positively impact on customer loyalty

## **1.6 Approach to the Dissertation**

This paper of research has been approached in mainly three stages. Firstly analysis of the relevant literature review in order to have an over view of the subject area.

Then primary data were collected using quantitative technique. This study employed electronic questionnaires. The researcher was sent an email with a hyperlink of her questionnaire to her friends, relatives and colleagues who use online banking services. Those people were asked to do in the same way. The hyperlink of the questionnaire were also put in the social and professional website (Facebook, Twitter and LinkedIn) and online banking services users were invited to contribute for completing the questionnaire. Moreover, the researcher also put the questionnaire on the Internet forums. In total 84 questionnaire were completed. The population targeted was in the age over 16 years of age.

After that, conclusion was draw and recommendation was given based on the analyses of the primary and secondary research.



## **1.7 Limitation of the research**

Due to time constraint, the researcher was limited in the number of respondents. The researcher proceeded with the electronic questionnaire. Thus, responses from people aged over 46 were very low, because they have less knowledge of how to use information technology. Therefore the majority of respondents were people aged between 16 to 45 years.

The researcher was staying in Dublin throughout the dissertation period, she was not able to give the administrative questionnaire to people who were not Internet users, such as the majority of older adults, although some older people responded through the Internet that is was less than the researcher's expectation.

This study covered mainly French people speaking English as the questionnaire were in English. Therefore, the sample may not be representative of the whole French people.

## **1.8 Major contribution of the Study**

Today, the bank has chosen to focus on a relationship of trust and transparency in order to attract new customers and continue the existing customer's retention efforts. Their actual strategic axes are to have a personalized offer, a multi-channel digital approach and managing the evolution of clients.

Thus, in this way, the researcher wishes that the study could contribute to the bank managers in France in order to help them in their actual strategy and the orientation of

their future strategy. However the study could also be useful for bank managers in other countries.

## **1.9 Overview of the following chapters**

**Chapter Two** present relevant literature reviews for this study. First, section 2.1 explains what the relationship is in the business context. Then, following presents an over view of the relationship marketing and the customer relationship management system. After that, it explores the relationship on the banking industry and its importance to improve the quality of service, responds to customer expectation in order to gain customer satisfaction and customer loyalty, and thus to have a positive effect on the benefits of the companies. Among this chapter, older adults and the use of IT systems are also discussed in order to explore the “digital divide”.

**Chapter Three** explains the research tools adopted and provides a profile of the research subjects.

**Chapter Four** presents the research results and findings based on the primary data research conducted throughout this study.

**Chapter Five** include a discussion of the findings of this study, their conclusions and recommendations.

**Chapter Six.** And the final chapter adopt an analysis of the researcher self-reflection on learning processes. The chapter six will also evaluate learning outcomes throughout the whole BMA programme.

## **CHAPTER 2: LITERATURE REVIEW**

## **CHAPTER 2**

### **LITERATURE REVIEW**

This chapter embraces relevant literature in order to provide secondary data for this research project. The chapter is divided into various sections. The first section starts to explain what a relationship focus on the marketing is. Section 2.2 will present an overview of the relationship marketing, follow by the Customer relationship Management and its' use on banking sector. Section 2.4 discusses the trends of aging population and the IT adoption issue. This literature chapter will finish with service quality and customer relationship management practice, customer expectation, customer satisfaction and customer loyalty.

#### **2.1 What is a relationship?**

Relationship is around us at each life level, such as in the workplace, domestic and social place. According Gay et al. (2007) relationships are formed through experiences with individuals or inside groups. Gummesson (2002) considered that relationships are the core of human behaviour. However, this study is orientated to relationships in business context thus relationships were defined differently in their objectives and processes than a personal relationship. Damkuvienė and Virvilaitė (2007) conducted a study in the relationship concept and found various definition of relationship in business context from different authors (see Figure 2.1).

Figure 2.1: The basic elements and conceptions of relationship

Relationship conception	Authors, year	Basic elements
Scientist Authors		
Relationship is an interaction of mutually committed sides. Relationship develops during a particular time and is a chain sequence of particular actions (episodes of interaction).	Hakansson and Snehota, 1995	Interdependence Commitment Interactions
A true relationship reflects a situation when both sides make commitments to each other. The minimum requirement is to purchase services at least two times. Relationships develop during a particular period of episodes.	Liljander and Stranvik (1995)	Interdependence Commitment Repeated interactions
If an organization does not feel any consumer response based on his behavior or attitude, after the organization has made direct marketing attempts, it means that no relationship is present.	Liljander and Stranvik (1995)	Interdependence (response)
A mutual dependence is a must, but it is not the only sufficient condition in order a relationship could exist. Relationships are defined as long-lasting, dynamic and continuous interactions.	Spekman and Johnston (1986); Dwyer et al. (1987); Gadde and Mattsson (1987)	Interdependence Mutual, long-lasting, continuous, dynamic interactions
Relationship is a succession of continuous and long-lasting interactions. However, successful interactions may not necessarily end up with a relationship, as mutual understanding should exist, signifying a special status, valued by both sides.	Barnes (1995)	Interdependence Exclusiveness Value

Relationship is something that develops through mutually beneficial exchanges. In order a relationship could exist the individualization (differentiation) of an offer, closeness to a consumer that is emotions, which are experienced through an individualized service, mutual interaction and continuous periods are necessary.	Bhattacharya and Bolton (2000)	Interdependence Individualization of an offer (condition of interaction) Emotional bond
Scholars Authors		
The existence of true relationship needs an apparent mutual dependence, meaning that both sides have to act, form and reform relationships.	Hinde (1979)	Interdependence as a symmetry of roles
Marketing relationships are processes that are achieved through a mutual exchanges and promise keeping. Relationship cannot be explained applying the concept of exchange because it is too narrow. If a relationship, based on trust, develops, exchange occurs from time to time.	Grönroos (1994)	Interdependence Promise keeping
Relationships have to be meaningful (significant) for both sides.	Fournier (1998)	Meaningfulness, importance

*Source: Damkuvienė and Virvilaitė (2007)*

In generally, the relationship exists only when the supplier and buyer know each other (Little and Marandi, 2003), although among various definitions of relationship from various authors in scholarly (Figure 2.1), relationship concept may be interpreted in

two ways: behaviour relationship and perception relationship (Damkuvienė and Virvilaitė, 2007).

Relationship through behaviour approach considered relationship as repeated interactions with an organization and Little and Marandi (2003) added that this behaviour provides mutual benefit and perceived by both parties as a relationship, while relationship through perception approach give more importance of emotional bonds with an organization.

Therefore, relationship is creating throughout long-term development, trust and mutual commitment (Garbarino and Johnson, 1999; Varey, 2002; Little and Marandi, 2003; Batterley, 2004;) but also interdependence (Grönroos, 1994) with an organization.

In the marketing, there are many types and categories of relationship. Little and Marandi (2003) pointed out that Morgan and Hunt (1994) outline four categories and ten types of relationship, while Gummesson (1999) outline thirty types of relationship. Thus relationships marketing involves more than just customers, although in this study, the researcher focused on customer relationship.

The idea of relationships between B to B and B to C has become central to modern marketing (Palmer, 2011). The relational approach is often referred to relationship marketing, which has grown over the past two decades (Persson, 2011). The main objective is to establish, maintain and enhance relationships with customers for mutual benefit and strength customer loyalty. Palmer (2011) views the relationship as an expectation of future transaction.

Now companies are paying more attention to keep existing customers for long-term, whereas finding a new customer was more important than paying attention to existing customers. Indeed, attracting a new customer might cost five times more than to retain an existing customer (Kotler, 2005). Therefore, companies shift from a transaction orientation to a relationship orientation.

## **2.2 Relationship Marketing**

Banks adopted the Relationship Marketing (RM), which is considered opposite to Traditional Marketing (TM) as TM (marketing mix) focuses on how to get new customers while RM is more oriented on how to keep existing customers. Gummesson (2002) defined Relationship Marketing as “marketing based on interaction within networks of relationships”.

There is still no universally agreed definition of Relationship Marketing (RM). However, a universally theory was agreed. According to Gronroos (1994) the main objective of RM is “to establish, maintain and enhance relationships with customers and other partners, at a profit so that the objectives of the parties involved are met. This is achieved by mutual exchange and fulfilment of promises.” (Little and Marandi (2003) The relationship marketing’s focus is to develop relationship with individual customers - one to one marketing and also by making offers on-measure. This approach is a contribution of new technologies. (Berry and Parasuraman, 1991; Johnston and Clark, 2005; Chimote and Srivastava, 2011)



Johnston and Clark (2005) claimed that only a good marketing alone would not develop relationships with customers. Loyal and valuable customers are created when a level of service is delivered and satisfies customers. In the financial service area, customers may be loyal but not have a relationship with the organization. Moreover, many customers do not wish to create a relationship with their bank.

Therefore, relationship Marketing is not suitable for all customers. Gronroos (2000) cited by Little and Marandi (2003), observes that there are two categories of customer in the business relationship: Transactional customers and active or passive relational customers (see figure 2.2). Transactional customers may not necessarily wish to create relationship with supplier while relational customer appreciates relationship. Therefore it is necessary to distinguish between the different categories of customer in order to target effective marketing. That is why the Customer Relationship Management was adopted.

Figure 2.2: Relational and transactional customers

<b>Customer mode</b>	<b>Customer' expectations and reactions</b>
Transactional mode	Transactional customers are looking for solutions to their needs at an acceptable price, and they do not appreciate contact from the supplier or service provider between purchases.
Active relational mode	Active relational customers are looking for opportunities to interact with the

	supplier or service provider in order to get additional value. A lack of such contacts makes them disappointed, because the value inherent in the relationship is missing
Passive relational mode	Passive relation customers are looking for the knowledge that they could contact the supplier or service provider if they wanted to. In this sense they too are seeking contact, but they seldom respond to invitations to interact.

*Source: Gronroos, 2000 (from Little and Marandi, 2003)*

### **2.3 Customer Relationship Management**

Customer Relationship Management (CRM) is both a business philosophy, which puts customer at the centre of strategic decision, and a programmatic form of system implementation (technology or software and process). (Johnston and Clark, 2005)

The CRM has been adopted for less than ten years; this new concept has indeed contributed to the consolidation of the relationship between the company and its clients (Palmer, 2011) through various components as illustrated by the figure 2.3. It was only from the late of 1980s and early of 1990s that the relationship between the individual customer and the supplier has increasingly fortified. (Baran et al, 2008)

Companies have realised the benefits of relationship marketing. Therefore, companies placed the customer relationship among their primary objectives and have orientated towards the client more than the product.

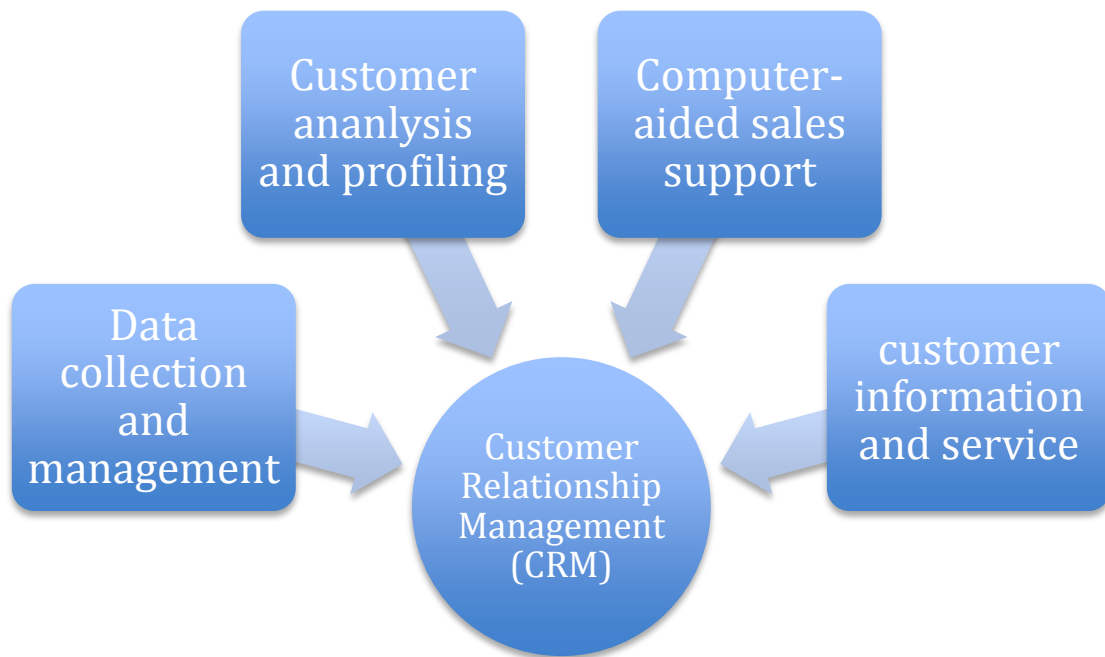


Figure 2.3: The components of customer relationship management (CRM)

*Source: Palmer (2011, p.211)*

### **2.3.1 Objectives of CRM Systems**

According to Johnston and Marshall (2010), “CRM enhances the process of securing, building, and maintaining long-term relationship with profitable customers”. Baran et al (2008) emphasized that the goal of CRM “is not merely to establish and maintain a relationship with customers, but rather to increase the strength of the relationship from acquaintanceship to friendship to partnership”. Chaffey and Smith (2012) added that CRM is a complete customer culture developing inside the whole organization.

Firms frequently focus on attracting new customers but do not pay attention to keep them (Wilson et al., 2008). CRM enhances the ability of an companies to understand customers and focusing on their needs, in order to get closer to them (Chaffey and Smith (2012). The implementation of CRM helps organization to satisfy customers, reduces spending (focus only on high-value customer) and improves use of the customer channel (Johnston and Marshall, 2010). Companies ask questions collect information and build a better profile of their customer. Each customer is thus, recognized and remembered, by their name and need. Through CRM, companies have an overall view of their customers. (Chaffey and Smith (2012)

CRM allow managers to develop new services, increase the quality of services, reduce marketing costs, identify and retain profitable customers (Laudon et al, 2012), improve customer loyalty, and increase thus, the profitability of companies to focus their communication and marketing expenditures to high-profit customer. Concurrently, reduce and eliminate excess expenditure on non-profitable customers. (Gay et al, 2007). In addition, Baran et al (2008) emphasised that CRM increases cross selling, thus gets customers to buy other company products and services.

Baran et al (2008) summarise the objectives of CRM as a systems to:

- Identify potential customers
- Understand customer needs (current and latent)
- Differentiate profitable from unprofitable customers and segments
- Decrease attrition by increasing value and satisfaction
- Increase usage of current products and services
- Increase customer service and satisfaction

- Moving customers from strangers to acquaintances to friends to partners
- Integrate marketing and sales efforts throughout the various channels used by the company.

### 2.3.2 CRM as a strategy

CRM in a strategic view, focus on the development and management of customer relationship. According to Lovelock and Wirtz (2011) CRM strategy emphases five main processes (see figure 2.4): Strategy development, Value creation, Multichannel integration, information management, and Performance assessment.

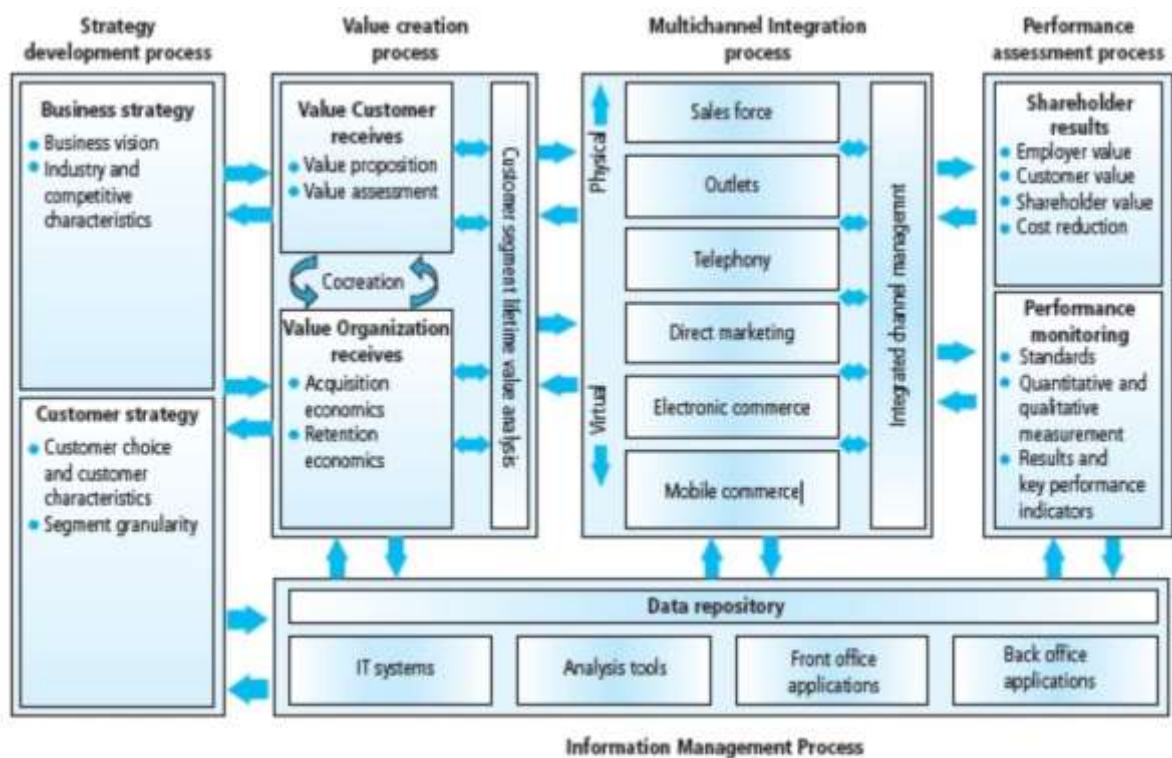


Figure 2.4: CRM Strategic framework

Source: (Payne, 2006) from <http://blog.wikimemoires.com/2011/06/the-customer-relationship-management-frameworksmodels/>

- **Strategy development** assesses the business strategy of companies in order to align the development for the customer strategy (i.e. the choice of target segments, customer based tiering, loyal bonds, and churn management)
- **Value creation.** The CRM system creates specific value for both customers and firm based on the business strategies and customer strategies.
- **Multichannel integration** allows companies to manage their different channel (sales force, outlets, telephony, electronic commerce, and so on) and inter-connected them together in order to deliver customization and personalization of customers.
- **Information management.** The integration of CRM system allows companies to manage a large number of customers' data throughout IT systems, analytical tools, front office applications and back office application.
- **Performance assessment** allows companies leading the continuous improvement of the CRM strategy by reviewing whether the CRM system creates value for stakeholders (i.e. customers, employee and shareholders), if expected objectives were achieved and if all the CRM system is effective.

### 2.3.3 CRM in banking sector

Previously, most banks were more interested in developing the functional characteristics of their websites, without concern to the relational value that could be generated due to the interaction between the site and the customer. The main functional characteristics are: the aesthetics of the site, the quality and quantity of information presented, ergonomics, safety, financial data, and finally the reliability of the site. Thus most banks tended only to enhance the functional characteristics of the

electronic interface without having an interest that might use their site as a tool to retain their customers. (Palmer, 2011)

In an environment of customer control (Gibson, 2012), building and maintaining relationships with customers, suppliers, and partners are more important than a company's land, property and financial assets (Persson, 2011). The relationship provides the foundation of the future business (Goodarzi, 2008). Today, companies have realized the importance of retaining existing customers. Customer loyalty is one of the major concerns of banks, as customer loyalty prevents the customers from switching services from one bank to another. According to Jones and Sasser (Harvard Business Review) as cited by Strauss (2011): "Increased customer loyalty is the single most important driver of long-term performance". Thus, each bank ensures the continuity of the relationship with its customers. Ensuring customer loyalties drive to success and survival. Furthermore, a satisfied customer is himself an efficient in terms of communication to solicit and attract more customers. Nowadays, the customer is more sophisticated and very demanding (Gibson, 2012). Thus, it is better to retain and satisfy a customer than to acquire more and not be able to handle them better. However, the question is how to achieve this loyalty in a competitive environment where all products and services are alike? The solution that is proposed needs to be effective in developing a strategy based on a relationship in order to gain customer trust. In this way customer becomes the centre of many businesses. CRM has become a key strategy for banking services (Tamilarasam, 2011).

Bank website channels facilitated the adoption of CRM. Furthermore, online services are also relational. CRM helps banks enjoy their website channel to get closer to their

customers and to create a very personal link with them (Gordon, 2004; Ramseook-Munhurrun and Naidoo, 2011) as banks could better understand their customers and response to their needs and expectations appropriately. According to Han-Yuh (2007) every contact between a bank and its customer is an opportunity to learn more about the customer and enhance the relationship. According to Gummesson (2002), in the banking system (manual service, ATM or Online banking) human interaction begins and IT systems allow maintaining of this relationship. CRM create a virtual interpersonal connection (Tamilarasan, 2011). In this way, bank need to know the value of their customers. Therefore, requirement of a detailed database of customers is crucial. The implementation of CRM system inside banks enables them to better focus on customer profile, segmentation, target, wallet analysis and customer's lifetime value analysis, so on. (Baran et al., 2008) Thus CRM helps banks to identify the most valuable customers with whom the banks can have long-term relationships, in order to satisfy them through delivering service closely to their needs. For financial managers to obtain information about their customers is through long-term relationships. In additional, long term customer relationships reduce the cost of information collection. Long-term relationships benefit the customers as well as the financial institution (Mishkin and Eakins, 2009). Banks focus on understanding customer's requirements and align internal system capabilities to allow the organisation responds effectively to their customers. According to Hochman (2008) as cited by Chaffey and Smith (2012), "Customer relationships are the only thing that cannot be replicated by a competitor".

Restructuration and development of strategies directed primarily to customers was necessary in order to survive and to be competitive in banking area. Internet technologies facilitate the implementation of CRM system, and helps to build and



change the way that banks manage customer relationship. CRM requires banks to invest in IT infrastructure and specified software in order to record, track and analysis their customer interaction. The objective is to develop relationships that satisfies and gains customer loyalty.

## **2.4 IT adoption and older adults**

The information technology adoption accelerated in our daily life, a large majority of people uses the Internet today (Tseng et al. 2012). In December 2012, 80 per cent of the French population used Internet and most of them access Internet directly from their home (30 per cent increase from 2008) (Seybert, 2012).

Another social trend is the experiencing increase in life longevity in many developed countries while birth rates are declining. Therefore, these two phenomena led to aging populations. These two trends may widen gaps in usage of IT system (“digital divide”) between aging population and younger user. (Charness and Boot, 2009)

Aging adults are reluctant to adopt new technology, such as Internet (Charness and Boot, 2009). According to statistic from Eurostat (2012), in Europe, there are significant gaps in IT usage between young adults and older adults. More than 90 per cent young people aged 16-24 used Internet regularly while only 42 per cent of older adults (Seybert, 2012).

McMurtrey et al. (2011) conducted a study of senior citizens’ interaction with information technology. In their study, authors highlight gaps between the young and

older people for Internet and computer use. Older adults are subject to declines in visual and auditory sensory, motor skills and cognitive abilities due to their age. Thus, the evidence shows that older people do not find it as easy as young people to embrace the digital technology, although a larger percentage of older generation are online than in the past.

The global population of aging people is rapidly growing (Lindeman et al., 2011). There is evidence that older people do not feel as comfortable using new technologies as younger people. When older people are reliant on others to manage the technological devices, they may worry about personal data privacy issues and losing the control of making decision themselves. Lorenzen-Huber et al. (2011) conducted a study about the development, adoption and the use of technologies for older adults. Authors found that the perceived usefulness is the primary factor in aging user acceptance. Many participants were lacking a desire to use or perceived not a need to adopt technology. The same authors (Lorenzen-Huber et al) also found that the human contact and the perception of the privacy are also a key factor for aging people to adopt new technologies (i.e: online banking).

In addition Tseng et al. (2012) analysed IT acceptance, based on Technology acceptance model (TAM), by people aged over 50 and found people adopt IT system when they perceived it is useful and easy to use. Davis introduces the TAM in 1986 in order to define the relationship between individual's behaviour and the use of IT (Figure 2.5) (Davis et al 1989).

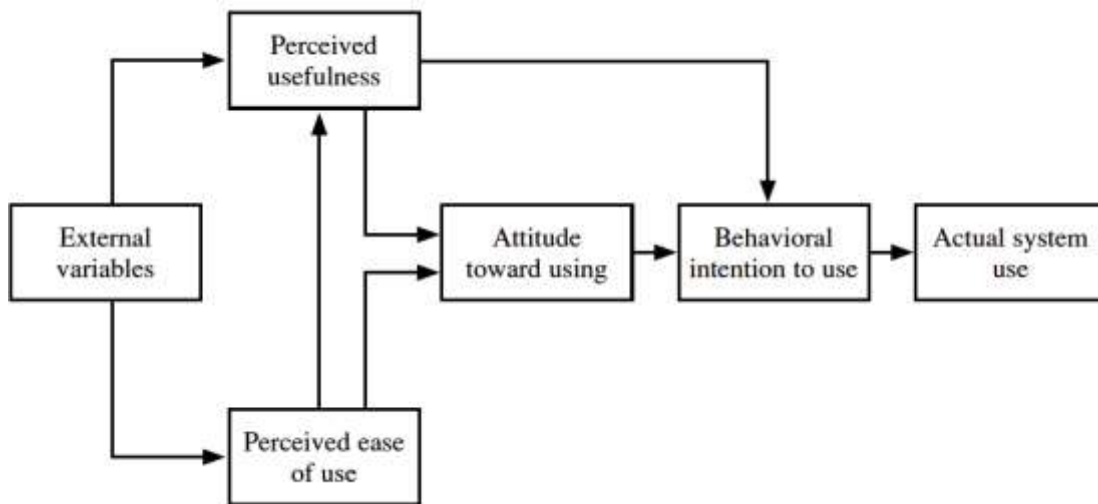


Figure 2.5 Technology Acceptance Model

*Source: Davis et al. 1989*

## 2.5 Service quality and CRM practice

Service quality is determined as the predominant determinant of customer satisfaction, which affects customer retention and profitability for the companies (Schneider and White, 2004). Service quality is also an important element of customer perceptions (Wilson et al, 2008). Implementation of Customer Relationship Management, which turn customer in the centre, is a key component in service quality. Over the years researchers observes relationship between service quality and positive impact on companies profile (Nelson, Rust, Zahorik, Rose, Batalden and Siemanski, 1992; Asker and Jacobson, 1994) as cited by Zeithaml and Parasuraman (2004). Furthermore, there is also positive relationship between service quality and customer loyalty (Zeithaml, Parasuraman, and Berry, 1990; Zeithaml and Parasuraman, Schneider and White, Jayawardhena, 2004; Szwarc, 2005; Kanning and Bergmann, 2009). In this way, service quality is considered an important component to retaining customers.

IT development has conducted financial services industry using technology to replace human contact, Gummesson (2002) call this phenomena “faceless relationship”. Therefore customer personal attention was lacking. Thus the only way that banks could offer quality services is by satisfying customer’s needs and their expectations. Zeithaml and Parasuraman (2004) defined service quality as “the difference between customer’s expectations of service and their perception of actual service performance”. CRM enhance and give a superior experience to customers (Wilson et al, 2008). A positive interaction experience with IT system enhance customer perceived quality (Gummesson, 2002). According to Lovelock and Wirtz (2011), CRM from customer perspective is a service improvement and increases their value.

Parasuraman, Zeithaml and Berry, pioneer researcher in the service quality, identified five specific dimensions of service quality: reliability, responsiveness, assurance, empathy and tangibles. These five dimensions may be used to represent how costumers evaluate service quality perceptions. These dimensions are often measured with SERVQUAL. (Fitzsimmons and Fitzsimmons, 2011)

Service quality is also an important aspect of electronic commerce. There are significant differences between the online and offline contexts. Mick and Fournier (1995) as cited by Zeithaml and Parasuraman (2004) suggest through a qualitative study of the way customers interact with and evaluate technology based products, pointed out that online customer satisfaction is highly complex and long-term process. Moreover the process might different across different customer segments. In addition author found that online customer might have simultaneously positive and negative feelings. Parasuraman (2000) suggest that customers tend to adopt new technologies

throughout positive and negative feelings in their overall technology beliefs. (Zeithaml and Parasuraman, 2004)

Mick and Fournier's (1995) conclude pre-consumption standards of online customers are often non-existent, weak, inaccurate or subject to change as life circumstances shift. The empathy dimension of SERVQUAL is not critical in online service. Electronic service quality (e-SQ) evaluation is more cognitive than emotional. Online customer interested only to have efficient transactions. (Zeithaml and Parasuraman, 2004)

Customers assess e-SQ along four main dimensions perceptions (Wilson et al, 2008)

- Efficiency: the ease and speed of accessing and using the site
- Fulfilment: the accuracy of service promises
- Reliability: the technical functioning of the site
- Privacy: the assurance that data are not shared and secured

Jayawardhena (2004) conducted e-SQ measurement for service quality in e-banking and conclude that online service quality in bank may measure through five dimensions:

- Access: empower customers to utilise the service through a number of points of entry and the ability to carry out a wide range of transaction
- Web interface: maintenance of a web site that enhances the overall browsing experience of customers
- Trust: inspire confidence among customers by providing a prompt and information rich service

- Attention: provision of an accurate personalised service to customer
- Credibility: delivering the promised service to customers at all times

## **2.6 Customer expectation**

The customers' expectations play a crucial role in the assessment of service quality (Zeithaml et al., 1990). According to Berry and Parassuraman (1991) "Customers are the sole judges of service quality". Customers assess service quality by comparing their expectation with their perception of received services or products. Thus, companies must consistently perform the quality of their proposed services to meet or surpass the expectation of costumers in order to gain a reputation for quality service. Understanding customer expectations allow companies to deliver superior service, and better gain customer satisfaction.

There is variety of factors that affect customer expectations (Ennew and Waite, 2007):

- The previous experience of the customer
- Third party communication
- Service communication by the company
- The values and beliefs of individual consumers

Therefore, a financial services provider may consider that it offers a high-quality service to its customers and meet their needs at competitive price. However, customers are the ultimate arbiters of quality, value and satisfaction evaluation.

## 2.7 Customer satisfaction

Customer satisfaction has been attracted the attention of managers over the past decades (Riquelme et al, 2009). Managers consider customer satisfaction is critical and positively influence the profitability of companies. Solomon (2013) pointed out that a high level of customer satisfaction often has a success and long-term competitive advantage in companies. Moreover, Ennew and Waite (2007) observed that responding to and satisfying customer needs can enhance the performance of an organization.

Oliver (1997, p13) defined the concept of satisfaction as follow: “Satisfaction is the consumer’s fulfilment response. It is a judgement that product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfilment, including levels of under-or over fulfilment.” Furthermore, Wilson et al (2008) added that fulfilment happened when one’s needs have been met, thus satisfaction is based on thoughts and feelings (Hoyer, 2010). Example satisfaction can be viewed as feelings of pleasure, happiness, delight, contentment, etc. through positive experiences associated with the product or service. Customer satisfaction may evolve over the time and influenced by a variety of factors. It may depend on experience cycle of the customer. Though the service cycle, the consumer may have different experience, good or not good, which will probably impact satisfaction.

Authors define satisfaction differently, however this is commonly emphasised that it is a comparison of what a customer expected and what a customer actually received. Satisfaction involves a positive experience of the customers and achieves customer

expectation. Expectations are a key element in customer satisfaction (Trasorras et al, 2009). When perceptions are less than expectations, they will result in a negative experience and a lack of customer satisfaction. On the other hand, when perception exceeds expectation, there will result a positive experience. Finally when perception just meets expectation, there will neutral experience (Peter and Olson, 2008). There will always be some dissatisfaction among customers due to a variety of causes (Trasorras et al, 2009). Satisfaction is defined in broad terms as an attitude of an individual towards different aspects of his or her life (Kanning et al, 2009).

In the context of Online banking, customer's satisfaction is based on the IT system function (Gummesson, E. (2002). When Customers have positive experience with the use of IT system, they will be satisfied of their banking service. Likewise, bad experience will negatively affect their satisfaction and impact on the relationship with their bank.

Trasorras et al (2009) found that satisfaction and value are major reasons for consumer to repurchase. Identifying the customer values can help to increase customer loyalty and retention. Authors also found that satisfaction has more influence than value for customer retention. Furthermore, Schiffman, Kanuk and Wisenblit (2010) agreed that customer satisfaction with a relationship has positive impact on customer loyalty. Kaur et al (2012) conducted an investigation on the reason of customer switching intentions, and a total of 800 Indian bank customers were selected randomly. Authors found that satisfaction is the strongest factor which influences switching barriers. However, Schiffman et al. (2010) considered that satisfaction might not guarantee loyalty, because even when customers are satisfied with the service received, they can switch



to a competitor, which offered more attractive service. Therefore, it can be affirmed that there is a relationship between customer satisfaction, customer loyalty and relationship marketing in the banking industry (service offer).

## **2.8 Customer loyalty**

Loyalty in a business context is defined as a favourable attitude towards a brand (Palmer, 2011) and a customer's willingness to continue buying from a firm over long-term (Lovelock and Wirtz, 2011), and providing positive word-of-mouth (Lovelock et al, 2009). Authors like Zeithaml, Berry, & Parasuraman (1996); Andreassen & Lindestad (1998); Selnes & Hansen (2001) also confirmed (Xu et al, 2011). Loyalty is also defined by Kaur et al (2012) as a repeat purchase action from consumers.

Numerous statistical studies showed that repeat purchase is a random phenomenon. However, researchers Jacoby and Kener (1971) explained loyalty as a psychological perspective and not a random phenomenon (Oliver, 1997). Newman and Werbel (1973) extend Jacoby's research within multibrand loyalty and single brand loyalty. Furthermore, Dick and Basu (1994) complete Jacoby's research within consumer's focal brand orientation to across the cognitive, affective and conative dimensions. Authors came to agree with Jacoby's views (Oliver, 1997).

Customer loyalty is an important factor for the survival of online business. Previous researchers (Reichheld & Sasser, 1990; Loveman et al, 1994; Heskett et al, 2000; Gefen, 2002;) considered customer loyalty as being based primarily on quality of services (Xu, Benbasat and Cenfetelli, 2011). Increasing customer loyalty is

considered as an economic necessity in order to increase the financial performance of the companies. Reichheld (1996) said "Few companies think of customers as annuities," (Lovelock et al, 2009). Organizations providing services weigh customer loyalty more than market share. Customer loyalty is a prominent factor in the survival of online businesses, because recommendations and support from loyal customers can be spread faster online compared to offline business. Loyal customers recommend the firm's products or services to friends. It allows banks to increase the customer base without additional advertising expense. (Xu et al, 2011)

Customer loyalty can be an important factor for the development of companies. Furthermore, building customer loyalty can avoid customers to switching to competitors (Johnston and Marshall, 2010). Therefore, customer loyalty is an effective tool that banks can use to gain sustainable competitive advantage. Knox and Dension (1992) had studied supermarket customers and identified that customer switch loyalty to providers offering the best deal (Johnston and Clark, 2005).

## **2.9 Conclusion**

Chapter two looked at the importance of relationship on the banking industry to improve the quality of service, responds to customer expectation in order to gain customer satisfaction and customer loyalty, and thus to have an positive effect on the benefits of the companies.

The following chapter presents the research method, which were adopted in this study.

### **CHAPTER 3: RESEARCH METHODOLOGY**

## CHAPTER 3

### RESEARCH METHODOLOGY AND METHODS

This chapter outlines the methodology that was used in this research. The purpose of having a methodology description is to explain how we will progress and justify our research. It also gives a view of how the work processed and how data was collected. The ethical and time horizon was also taken in consideration.

#### 3.1 Distinction between research method and methodology

Burns and Burns (2008) describe research as process of systematic enquiry or investigation into a specific problem or issue over which leads to new or improved knowledge. There is various research approaches and methods in doing research that will be present in the following.

Easterby-Smith et al. (2008) refer to the term Methods as individual techniques employed in collecting and analysing data. Research method is the techniques and procedures that the researchers use for obtaining and analysing research data. The research method includes questionnaires, observation, interviews, and statistical and non-statistical techniques. (Saunders and Lewis, 2012)

Saunders and Lewis (2012) describe the methodology as the theory to undertake research. The methodology includes the theoretical and philosophical assumptions on which the research is based, but also the methods adopted throughout the research. The methodology could be summary by the research Onion (see figure 3.2), which

present the different layers of research process. For instance research philosophy, research approach, research strategy, research choice, the time horizons, and techniques and procedures.

This research adopted the positivism philosophy within a deductive approach. The data collecting used the mono-method quantitative, as the research seeks to have an objective to examine the perception of online banking users towards the banking relationship. The researcher adopted a questionnaire survey though cross-sectional. Then analysed data by using statistical software and interpreting. The reason of each method before coming to the central point on the research onion (see figure 3.2) will be explained in following section. The research onion is used for describing the research process (Saunders and Lewis, 2012)

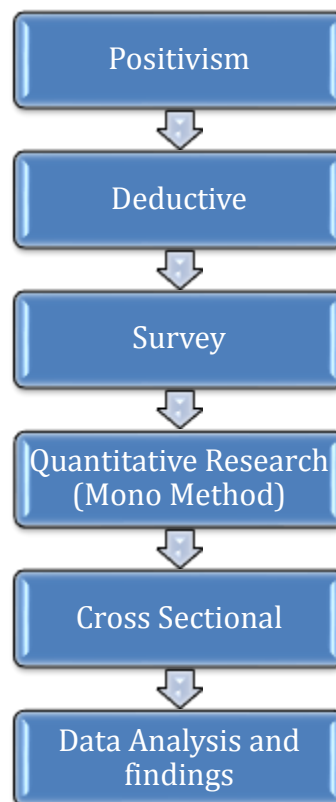


Figure 3.1. Research Methodology Sequence Structure

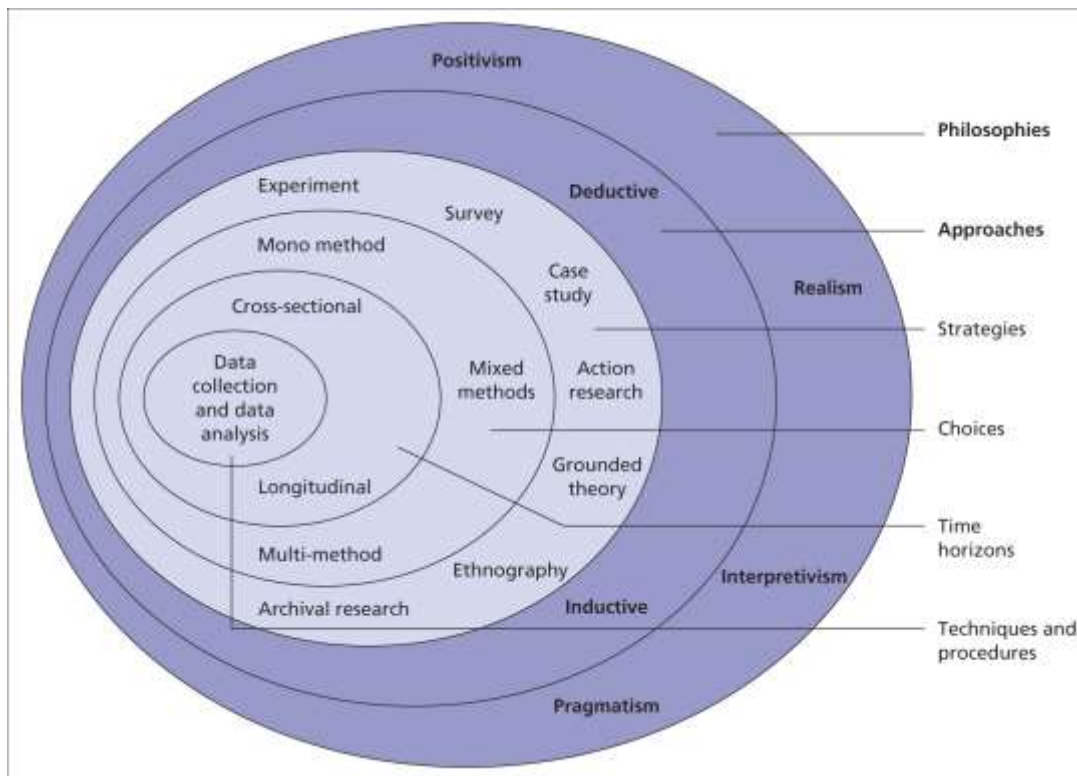


Figure 3.2. The research onion (Saunders et al., 2011)

### 3.2 Research philosophy

According to Saunders et al., (2012) there are three major ways in the research philosophy: epistemology, ontology and axiology. Each reflects different ways that we think about the research process. The epistemology is focusing on how we can know about things, and the ontology focuses on the nature of reality and looks at what we can really know. The axiology looks at the values of judgments.

It is important for researchers to determine the philosophical position that influences the way in which the research could be conducted (Burns and Burns, 2008). The design of the research influences the philosophical choices that the researchers could adopt. Defining the philosophy of research can help to adopt a more specific research

method and clarify the research strategy in further (Saunders et al., 2012). However, there is no one research design better than the others; researchers fit the research design with the research questions. At this stage we can evaluate different methodologies and existing methods and we can avoid inappropriate use by identifying limitations at earlier stage. Saunders et al., (2012) defined three main approaches: positivism, Interpretivism and realism.

### **3.2.1 Positivism**

According to Bryman and Bell (2011) the positivism reflects the philosophical of the nature scientist. Positivism philosophy conducts to an observable social reality, in order to interpret and understand phenomena (Kumar, 2011). This approach is deductive through development of theory and testing hypotheses. Positivism approach should be measured through objective methods (Easterby-Smith et al., 2008). Saunders et al., (2012) highlight that positivism may possibly carried out in a value-free way. This means that the researcher is seen as external or independent of the data collection and therefore may affect the data. Therefore the researcher can maintain an objective view. Positivism is the best way of investigating human and social behaviour (Burns and Burns, 2008).

### **3.2.2 Realism**

The realism is quite similar to positivism. Realism perspective also adopts scientific approach for creating knowledge. Another common way with the positivism is in the way of collecting data and explanation (Bryman and Bell, 2011). Realism reflects the opinion of what our senses show us is the truth. It means, our senses present to us what is true and that objects exist independent of the human minds. Thus objects can exist

independent of our minds (Saunders, et al, 2012). Therefore, the realist's position changes when the phenomenon changes.

Realism can be divided in two major forms of realism approach: Empirical and critical realism. Bryman and Bell (2011) described empirical realism as primarily, the use of appropriate methods to understand the reality of experience through our senses. Critical realism identifies the reality of the nature order and events of the social world only through the practical and theories.

### **3.2.3 Interpretivism**

The interpretivism epistemology is opposite to positivism. Easterby-Smith et al. (2008) also named interpretivism as social constructionism. It is appropriate in the relation to business, leadership and management research in order to understand organisational behaviour, marketing, and human resource management. Interpretivism relates to the social phenomena study in their natural environment. (Babbie, 2010) We need to understand the differences between humans as social actors, thus enter in the social world in order to understand the world from our view. According to Saunders and Lewis (2012), interpretivism is more subjective than objective. Thus, this approach is based on thinking and feeling of people and explains social behaviour.

In brief, the researcher adopted positivism. In order to have the perception of the online banking users on the relationship at bank level, researcher should observe the phenomena in general view of social reality. Positivism conducts to an observable social reality, in order to interpret and understand phenomena, this perspective is



appropriate to explain if the Internet banking service in France will substitute or complete the traditional banking service in the future.

### **3.3 Research Approach**

There are two types of research that we can choose in our research methods: deductive and inductive (Bryman, 2008). In order to determine which research approach is the most suitable to this study, we will look in more deeply follow.

Deductive approach is the most common way to link between theory and research. This approach is based on observations to conclude from a set of premises (Kumar, 2011). Deductive approach is seen from Saunders et al (2012) as a scientific research. The researchers collect data to evaluate hypothesis or hypotheses related to an existing theory. Then the result of the finding will modify theory or verify the theory Cooper and Schindler, 2008).

The inductive approach is the opposite of deductive approach, which is based on observations and empirical evidence to develop theory (Saunders, et al, 2012). The researcher collects data to explore a phenomenon, identify themes and patterns and create a conceptual framework. Thus the researcher generates and builds the theory (Collis and Hussey, 2009).

The researcher has therefore chosen the use of deductive approach because it suits better with the research purpose. Using this approach allowed the researcher to test the

different hypotheses that were set out and explain the effect if the Internet banking will substitute or complete the traditional banking.

### **3.4 Research Choice**

There are three choices of research methods, mono-method, mix-method and multi-methods (Bryman and Bell, 2011).

A study can be qualitative, quantitative or a combination of both. The qualitative method allows us to study the selection of issues in depth and in detail, and allows project work not to be constrained by predetermined categories of analysis. It facilitates the compiling of in-depth information about smaller number of people and cases. Therefore, it increases the understanding of the environment of study. The major shortcoming with the qualitative approach is that it reduces possibilities of generalisation. In the other hand, the quantitative method requires the use of standardised measures thus that the varying perspectives and experiences of people can be fitted into a limited number of predetermined response categories to which number are assigned. (Cameron and Price, 2009)

In this study, mono method-quantitative research was appropriate to this research. Data were obtained through self-administrated survey questionnaire; the quantitative research is the more relevant method to suit, which examines relationship between variables. Furthermore this method uses probability to ensure generalization.

The multi-method and the mixed methods research both provide more than one data collection technique. The difference is the multi-method is restricting to adopt quantitative or qualitative design, while mix-methods use quantitative and qualitative research. (Saunders et al, 2012)

### **3.5 Research Strategy**

A research strategy is “a plan of how a researcher will go about answering her or his research question” (Saunders, et al, 2012). The research strategy embraces to set up clear objectives, chose the methods for research process and identify the sources for collecting data, although, it is important to consider the constraints, for instance the access to information, time, cost, and ethical issue. According to Kumar (2011), there is several research strategies that can be employed: experiment, surveys, archival research, case study, ethnography, action research, grounded theory and narrative inquiry. The choice of strategies is coherent with the research design, in order to enable researcher to answer questions of research and conduct successfully the dissertation delivery (Cameron and Price, 2009). This dissertation will employ survey as an appropriate research strategy to answer the research question.

According to Saunders et al. (2012) the survey strategy allows the collection of data from large numbers of respondents in order to have result in objective view. Surveys can be used to investigate within an organization but also outside of an organization. It is a common strategy used in business and management research as it allows the collection of a large amount of data, which is representative of the whole population.

This strategy is economical as results are acquired through the use of interview and questionnaire.

This research is based on quantitative method, and the survey allows the collection of quantitative data. This strategy gives researcher more control in the research process (Saunders et al, 2012). Furthermore, it is a cheaper way to have a representative of the whole population though using sampling to collect the data. Then data were analysed statistically to generate the results to a population (Collis and Hussey, 2009).

The constraint of this method is the number of questions that the researcher could put in the questionnaire was limited. Furthermore, the researcher spent time to ensure that the sample chosen were well representative of the all population. Moreover, data analysis was also a time consuming for the researcher, even with help of SPSS software that the researcher needed to learn to use it.

### **3.6 Time Horizons**

According to Saunders et al, (2011) there are two types of time horizons, which are cross-sectional and longitudinal. Cross-sectional research is a “snapshot”, it means researcher conducts research over a short period of time, whereas longitudinal research refers to research undertaken over a period of time and allows the researcher to track changes and developments over this period.

The time horizon for this research was cross-sectional approach as the researcher is limited by the time. This study is required to be submitted in May 2013, thus the survey was done over a short time.

### **3.7 Data collection**

Data collection is crucial to all research. Through this process, researchers accumulate empirical material on which their research is based. This research uses various sources of primary and secondary data in order to answer the research question and meet the objectives of the research. The research involves academic books, journals and articles as secondary data. The primary data are acquired via Google drive, an online tool for creating and publishing survey to send questionnaires to the mailbox of the respondents. The researcher also uses the direct distribution and telephone way to collect primary data.

#### **3.7.1 Secondary data collection**

According to Saunders et al. (2012), secondary data is the existing data that previously published, which researchers can access. The secondary data not purposely collected for specific research. Researchers can find secondary data both within an organization and outside it. These sources exist in variety form: book, journal, newspapers, websites, public record, company material, articles, and so on (O'Leary, 2004).

Secondary data for this research involve books found in a Dame Street and Aungier Street library. There also involves some reviews from academic journals on Emerald and Business Source Complete databases. In addition, this research uses report published by European statistical organization (Eurostat and IFOP (French Institute of public Opinion)). Secondary data set has been used to provide the researcher with the main data set for the research and compare with and set in context, the researcher own findings. Academic Journals were more important as it provided information specific on the bank area, while the textbook leads on the theories for this study. All the secondary data were referenced using the Harvard reference style.

### **3.7.2 Primary quantitative data collection**

Primary data is collected for fulfilling the needs of specific research. Primary data does not yet exist and must be collected. (Bryman, and Bell, 2011)

The researcher used the semi-structured questionnaires to gain the primary data. According to Saunders and Lewis (2012) there is five ways in which the questionnaires might be distribute: web based questionnaires, postal questionnaires, delivery, telephone and face-to-face questionnaires. Authors also highlight that response rates from questionnaires may vary from what the researcher might expect. Although Baruch and Holtom (2008) cited by Saunders and Lewis (2012), conducted research on academic studies using questionnaires survey, found that studies using web-based and telephone distribution acquired higher response rates than traditional paper-based questionnaire distribution. Thus the researcher contacted the survey via mainly web based and some telephone distribution ways to collect primary data.

### **3.7.2.1 Semi-structured questionnaires**

This research collected primary data through semi-structured questionnaire comprised a mixture of closed and open questions. All participants were asked the same questions in the same order. (Collis and Hussey, 2009) The questionnaires were completed anonymously. The responses gathered in a self-completion way through hyperlink to the actual questionnaire that the researcher sent to respondents in their mailbox or in their public social or professional space (Facebook, LinkedIn and Twitter). Questionnaires were also attributed directly and contacted by telephone to some respondents. Thus questionnaires are more objectives than interviews. Therefore, it is relatively quick to collect information using a questionnaire. The use of this data collection technique aligns well with an exploratory approach, which enable researcher to examine and explain relationship between variables (Bryman and Bell, 2011).

### **3.7.2.2 Relational for Electronic questionnaires**

This study employed electronic questionnaires. The researcher sent an email with a hyperlink of her questionnaire to her friends, which all is online banking services users. They were kindly asked to answer the questionnaire and if they could, to also send to their friends, relatives and colleague who use online banking services. The hyperlink of the questionnaire was also put in the social and professional website (Facebook, Twitter and LinkedIn) and online banking users were invited to contribute for completing the questionnaire. Moreover, the researcher also put the questionnaire on the Internet forums.

The research chosen electronic questionnaires (Internet questionnaires) for several reasons. As the research needs to have a large population, in order to gain effective result, electronic questionnaires were cheaper than hard copy questionnaires. (Bryman and Bell, 2011). Moreover, this method allows the researcher to take control of the respondents progressing until they answered. Secondly, the electronic questionnaires are faster than hard copy questionnaires. This method allows the researcher to research through a large population in a short amount of time. Then electronic questionnaires allowed the respondent to following the result online in real time, and have a summary of the result at any time. It was facilitated to conduct preliminary analyses.

The main disadvantage is that the sample group was limited in this method. The sample was limited to people who have access to email or the Internet. It also excludes those who have not the technological capabilities to complete the questionnaire.

### **3.7.2.3 Questionnaire design**

Semi-structured questionnaires were administered to the respondents in order to have the opinion of online banking users about the relationship at bank level, in order to understand whether Internet banking service in France will substitute or complete the traditional banking services in the future.

According to Bell (2005), survey research was ideal for this type of research, which commonly utilizes pre-defined scales for the measurement. The closed question could predefine answers. It allows researcher to anticipate all possible answers with pre-coded responses. Furthermore, this design provided the descriptive evidence and the empirical testing of theoretical dimensions.



Certain of these topics were explored using open questions. This enabled respondents to express their opinions. However, the open question can generate large amounts of data that can take a long time to process and analyse. Also the responses will be concise due to the limit space available to respondents. (Bell, 2005)

#### **3.7.2.4 Pilot test for the questionnaire**

A pilot test was employed in this study. A pilot test was carried out in order to see if it works and to detect eventual weaknesses in design (Saunders and Lewis 2012). Therefore, problems detecting during this phase could then sorted out before undertaken the real research.

The pilot testing was to help the researcher to detect that all the meaning of the questions could be understood clearly by everyone. It is easier to correct mistakes at the pilot stage than to have to recollect data when the final questionnaire was sent.

The researcher tested the questionnaire amongst her friends before sending to potential respondents, which were online banking services users from France. Some questions used technical and professional terms that were difficult to understand by the population at large, thus those terms were changed in synonym words in order to be easier understood by all individuals.

#### **3.7.2.5 The sample size**

According to Saunders, et al, (2012), there are two sampling techniques available, which are probability and non-probability. This study used the probability sampling.

Firstly, the probability sampling strategy is in line with survey research strategies and also because using probability sampling allows a selection of fairly sampling from the population while the non-probability sampling could select from the non-representative population.

Collecting data from a sample is a more manageable size for the researcher (Denscombe, 2007). In this study, questionnaires conducted over French population, where the population for the study comprised students, workers and older persons. By choosing this population, it allowed us to have a mixture of population and a wide range of different genders, ages and social classes. This permitted the study to have significant result for the project. 84 web-based questionnaires were completed. The population targeted was over 16 years. The population represented 32 males and 52 females. Using random sample allow to have an equal chance of the sample to participate. (Bryman and Bell, 2011)

### **3.8 Data analysis**

All the data obtained through the questionnaires were analysed and interpreted (Bell, 2005). Statistical analysis and comparative methods were used for the compilation of results (Denscombe, 2007). The analysis of data involves the use of analysis software. This study used Google drive. It will help to calculate statistics, creating graphs and charts, thus allows the information to be more understandable and to examine the relationship between variables of data collected (Pallant, 2010).

As the study uses a variety of variable in this work, the objective was to reduce and to summarize data with minimum loss of information and identify factors that represent relationships among interrelated variables (Burns and Burns, 2008).

### **3.9 Ethical issues in data collection**

Ethics is an important aspect and should be noticed for the success of any researcher project (Bryman and Bell, 2011). Rapport (1970) cited by Gill et al. (2010), referred to three main issues in research action. First, there is the issue of the acceptability of the consumers to provide information to the researcher. Then there are also issues of the confidentiality and the protection of respondents. Most of times, individuals or organization would not to be identified. Finally, if researcher investigates inside an organization, the interactions between client and researcher may be a convenient for the organization.

The use of questionnaires in survey research will not raise many ethical issues as the interview (Sekaran and Bougie, 2010), which the privacy must be kept by the researcher, as the questionnaire is anonymous. However, the researcher needed to explain the reasons for the research as well as participants have right to determine their participation in answering the questionnaire.

### **3.10 Limitation of research**

The limitations that encountered in the research process were the collection of data from an entire population due to the budget and the time allocated to the research.

Therefore, the research questionnaires were not equally distributed to the different category of the respondents.

The difficulties were also to identify a suitable sampling to be well representative of the population and the challenge of establishing a clear questionnaire.

### **3.11 Conclusion**

In this chapter, we have looked at the research methods and procedures adopted for this study and justified why the above-mentioned research methods were chosen. The following chapter will present the results and analysis of this research study.

## **CHAPTER 4: DATA ANALYSIS AND FINDINGS**

## **CHAPTER 4**

### **DATA ANALYSIS AND FINDINGS**

Chapter 4 will present the research results for this study from the primary research. Section 4.2 presents the background information about respondents. Then the following sections examine the data collected from the research questionnaires and the research questions and hypotheses are presented.

#### **4.1 Quantitative data analysis and finding from the questionnaire**

The questionnaire sent to the French online banking users were designed to gain the research objectives and research hypotheses in order to find out if the traditional retail banks are competitive towards the Internet banking and if the CRM have a positive impact on the customer loyalty in traditional banking. A sample frame of 84 French people participated in this research. A simple probability sampling technique was employed to the sampling. Participants were selected randomly among those using their bank website services. The questionnaire was created with Google Drive, new online software for creating web surveys, was adopted. An online hyperlink of the questionnaire was sent on the social network and professional network (Facebook, Twitter and LinkedIn). In addition, the researcher used her professional and personal contact agenda for sending the questionnaire hyperlink to the people's mailbox. Individuals were asked to participate by filling out the questionnaire and to follow the hyperlink, so on.

## 4.2 Background information about respondents

### 4.2.1 Demographic characteristics of the sample

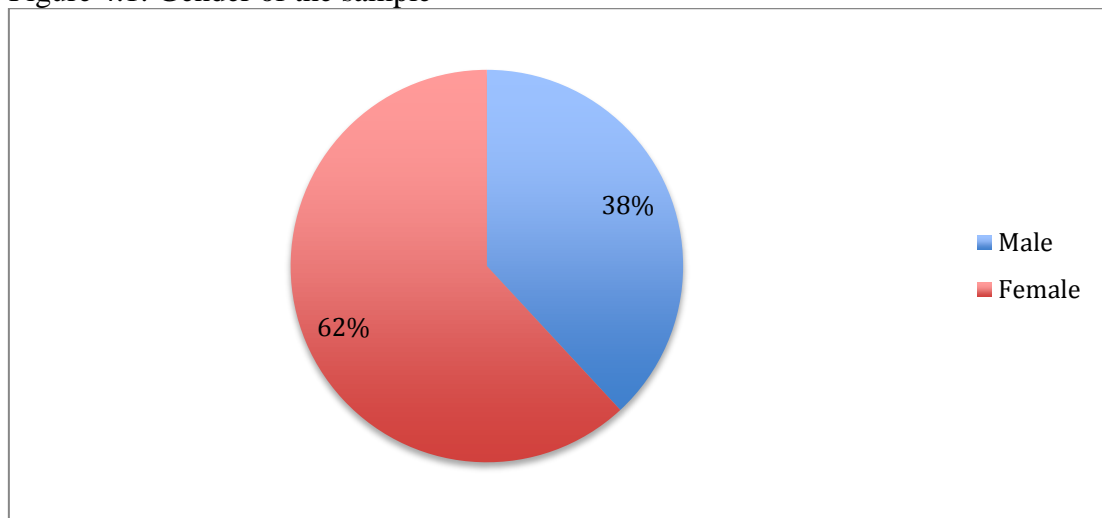
The respondents to the survey that participated in this research comprised 52 females (62 per cent) and 32 males (38 per cent) (see table 4.1 and Figure 4.1). Of the total 84 respondents: 33 (39 per cent) were in the category 16 to 25, which is the most represented, following by the categories 26 to 35 years with 21 respondents (25 per cent); 14 (17 per cent) were in the age group of 36 to 45; 9 (11 per cent) in the category 46 to 55; and 7 (8 per cent) over the age of 55 (see Table 4.2 and Figure 4.2).

Table 4.1: Gender of the sample

<b>Gender</b>		
<b>Variables</b>	<b>Response (%)</b>	<b>Response count</b>
Male	38.10%	32
Female	61.90%	52
Total		84

Sources: complied by the author

Figure 4.1: Gender of the sample



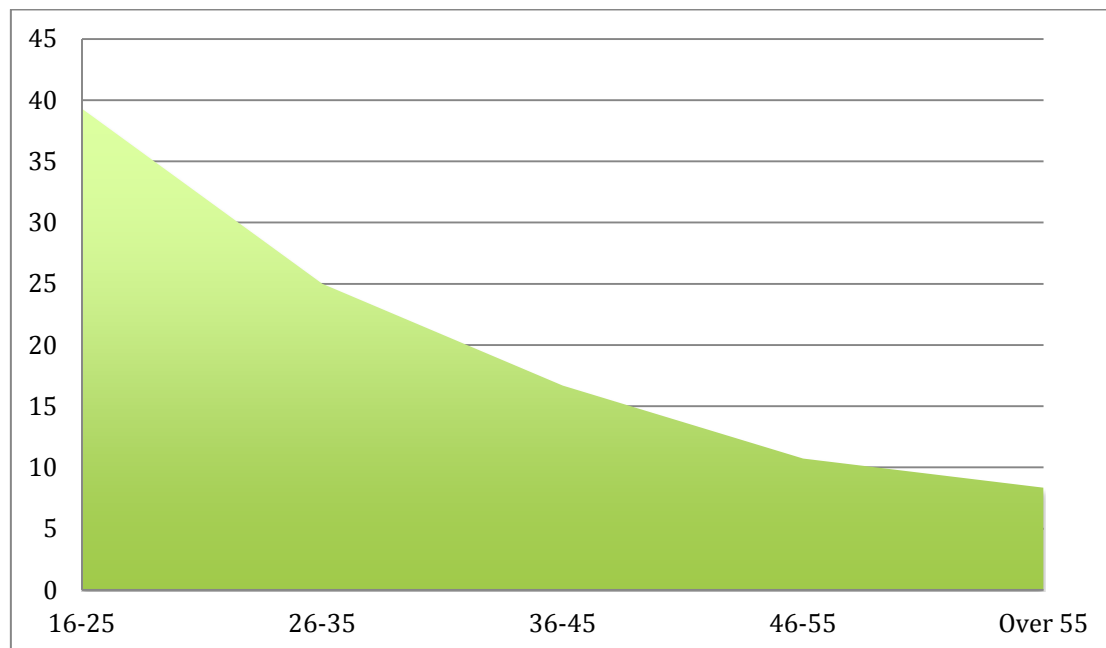
Sources: complied by the author

Table 4.2: Age of the sample

Age (Years)		
Variables	Response (%)	Response count
16-25	39.29%	33
26-35	25.00%	21
36-45	16.67%	14
46-55	10.71%	9
Over 55	8.33%	7
Total		84

Sources: complied by the author

Figure 4.2: Age of the sample



Sources: complied by the author



## 4.2.2 Education level

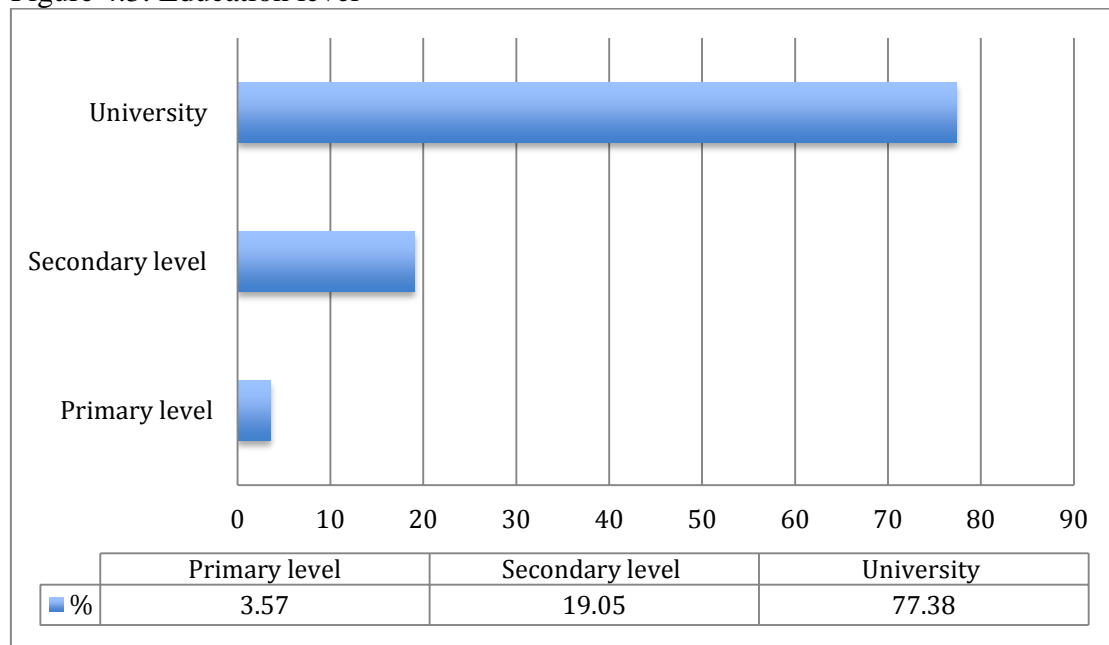
Most of the respondents (77 per cent) were in the third level, 19 per cent were in the secondary level and 4 per cent of them had primary school education (see Table 4.3 and Figure 4.3).

Table 4.3: Education level

<b>Education</b>		
<b>Variables</b>	<b>Response (%)</b>	<b>Response count</b>
Primary level	3.57%	3
Secondary level	19.05%	16
University	77.38%	65
Total		84

Sources: complied by the author

Figure 4.3: Education level



Sources: complied by the author

### 4.2.3 How long have you been using your bank online (online banking) services?

The individuals using online banking services, which represented all the respondents in this survey, the majority (58 per cent) have been using it between 2 to 5 years. 19 per cent of respondents were more than 5 years online banking services users; 15% of respondents were users between 1 to 2 years and 7 per cent were users less than 1 year.

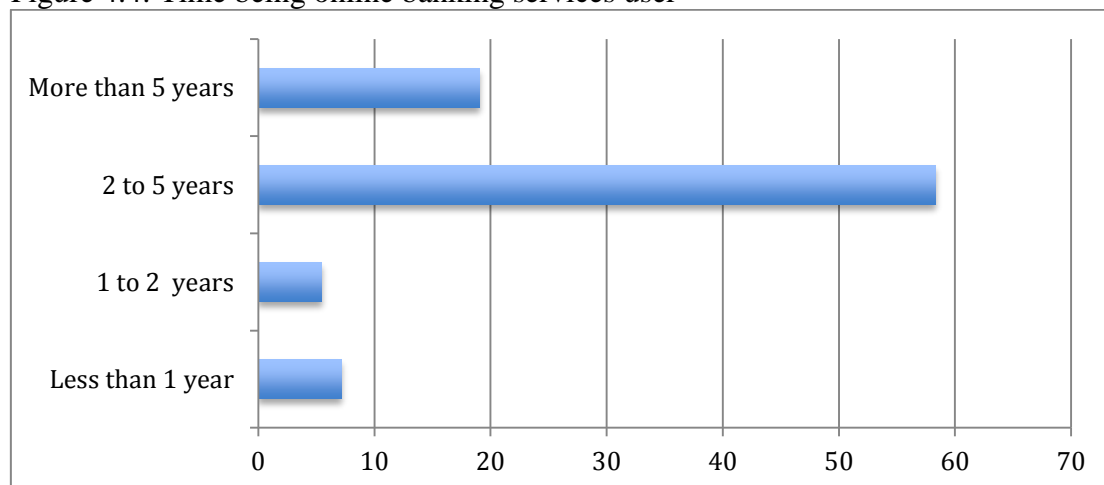
(See table 4.4 and Figure 4.4)

Table 4.4: Time being online banking services user

<b>How long have you been using internet</b>		
<b>Variables</b>	<b>Response (%)</b>	<b>Response count</b>
Less than 1 year	7.14%	6
1 to 2 years	15.48%	13
2 to 5 years	58.33%	49
More than 5 years	19.05%	16
Total		84

Sources: complied by the author

Figure 4.4: Time being online banking services user



Sources: complied by the author

#### 4.2.4 Which support do you use the most to access online banking services?

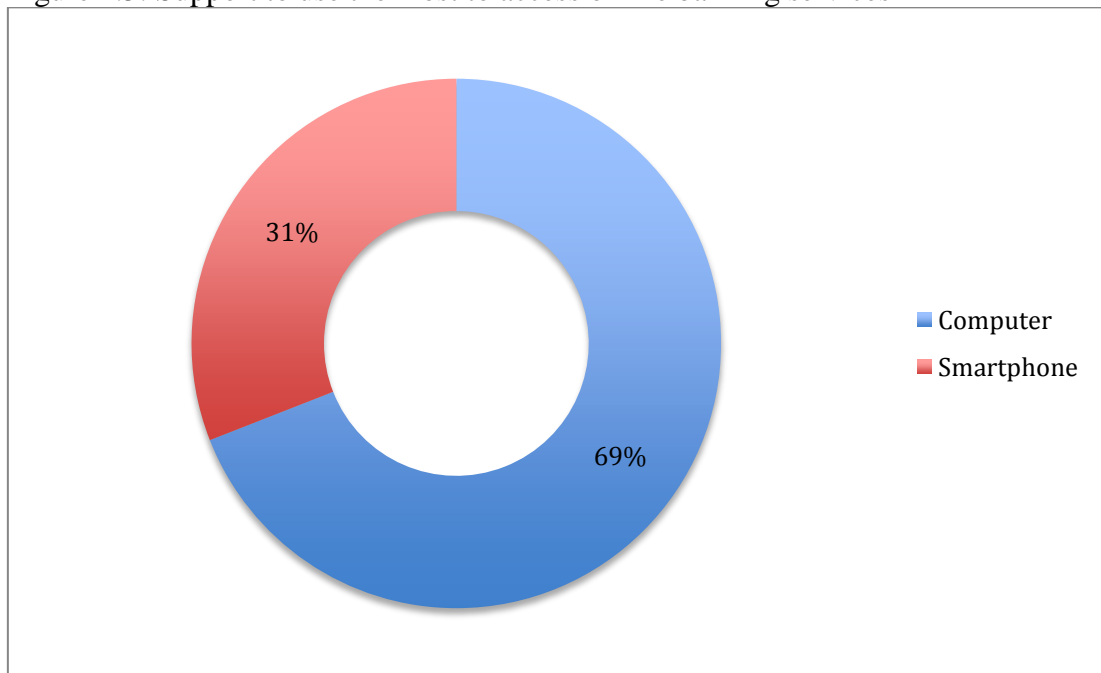
Table 4.5 and Figure 4.5 below show the answers of the respondents about the support in which they used the most to access their bank website services. The majority of respondents (69 per cent) responded that they use the computer to access online banking services though their bank website, while 31 per cent responded using their smartphone to access online banking services.

Table 4. 5: Support to use the most to access online banking services

<b>Which support do you use the most to access online banking services?</b>		
<b>Variables</b>	<b>Response (%)</b>	<b>Response count</b>
Computer	69,05%	58
Smartphone	30,95%	32
Total		84

Sources: complied by the author

Figure 4.5: Support to use the most to access online banking services



Sources: complied by the author

#### 4.2.5 How often do you use the online banking services, approximately?

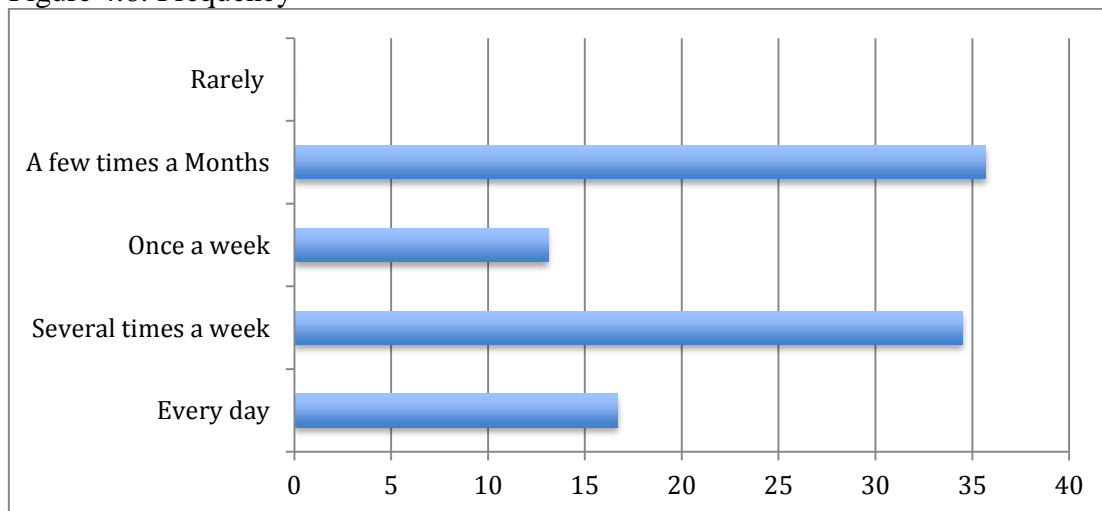
The result of survey from this question collected 0 per cent of respondents using occasionally their bank website services. All the respondents of this research have used their bank website at least once a month. Data from Table 4.6 and Figure 4.6 show that the most (52 per cent) of the online banking services users are very active (everyday and several times a week). Among them 35 per cent were used several times a week and 17 per cent were every day users.

Table 4.6: Frequency

<b>How often do you use the internet banking services, approximately?</b>		
<b>Variables</b>	<b>Response (%)</b>	<b>Response count</b>
Every day	16.67%	14
Several times a week	34.52%	29
Once a week	13.10%	11
A few times a Months	35.71%	30
Rarely	0.00%	0
Total		84

Sources: complied by the author

Figure 4.6: Frequency



Sources: complied by the author

#### 4.2.6 The reason for the use of the Online banking services

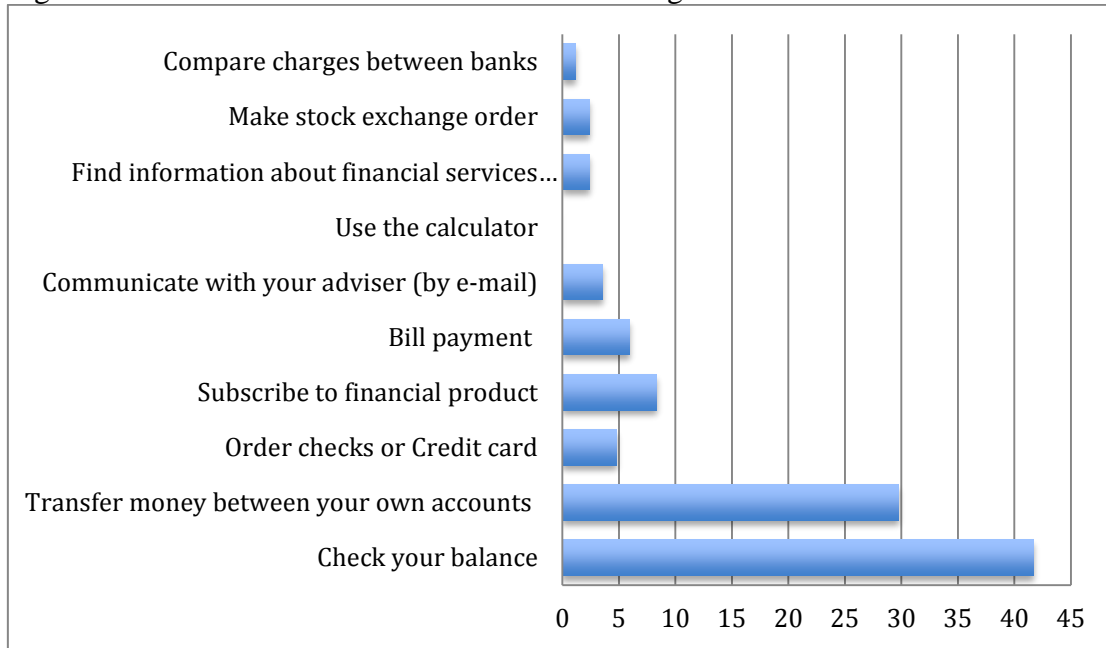
Among the 84 respondent of this study, the two main reasons using their bank website were checked their account balance (42 per cent) and made transfer between their own account (30 per cent). The other reasons were to subscribe to financial product (8 per cent), to pay bill (6 per cent) and ordered cheques or credit card (5 per cent). Some French people have used their bank website to communicate with their banking relationship manager (3 per cent). Finally, there were also a few respondents who used online banking services to find information about services and products proposes by banks (2 per cent), made stock exchange order (2 per cent) and 1 per cent compared their current bank charges with concurrent bank charges (See Table 4.7 and Figure 4.7).

Tables 4.7: The reason for the use of online banking services

<b>The reason for the use of the online banking services:</b>		
<b>Variables</b>	<b>Response (%)</b>	<b>Response count</b>
Check your balance	41.67%	35
Transfer money between your own accounts	29.76%	32
Order checks or Credit card	4.76%	4
Subscribe to financial product	8.33%	7
Bill payment	5.95%	5
Communicate with your adviser (by e-mail)	3.57%	3
Use the calculator	0.00%	0
Find information about financial services and products	2.38%	2
Make stock exchange order	2.38%	2
Compare charges between banks	1.19%	1
Total		84

Sources: complied by the author

Figure: 4.7: The reason for the use of online banking services



Sources: compiled by the author

### **4.3 Research objective 2: To assess the perception of online banking services from French users towards the importance of physical contact at bank level.**

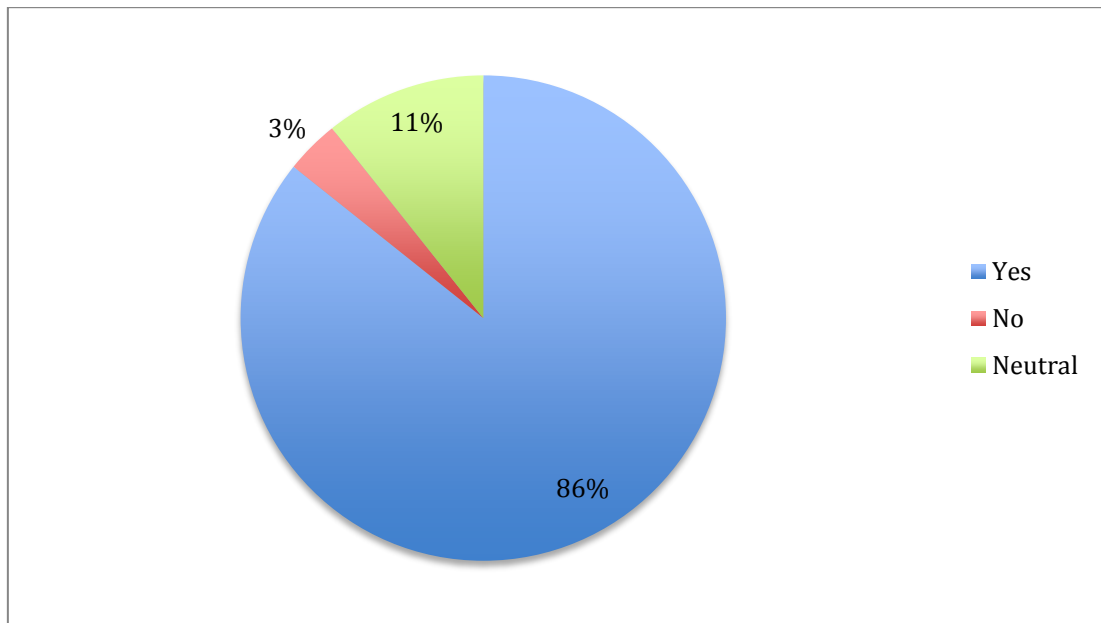
The results of survey indicated that the majority of the respondents (86 per cent) were satisfied using their bank website services; 11 per cent were neutral; and few of the respondents answered that they were not satisfied with the use of their bank website services (see Table 4.8 and Figure 4.8). However, even with satisfaction, more than half of responders (65 per cent) answered that the direct human contact was important in banking relationship; 20 per cent disagreed that it was important to have a face to face relationship at bank level; finally 14 per cent of respondents thought that it is not an obligation to have such relationship with their bank (see Table 4.9 and Figure 4.9).

Table 4.8: Satisfaction

Are you satisfied with the use of online banking services?		
Variables	Response (%)	Response count
Yes	85,71%	72
No	3,57%	3
Neutral	10,71%	9
Total		84

Sources: complied by the author

Figure 4.8: Satisfaction



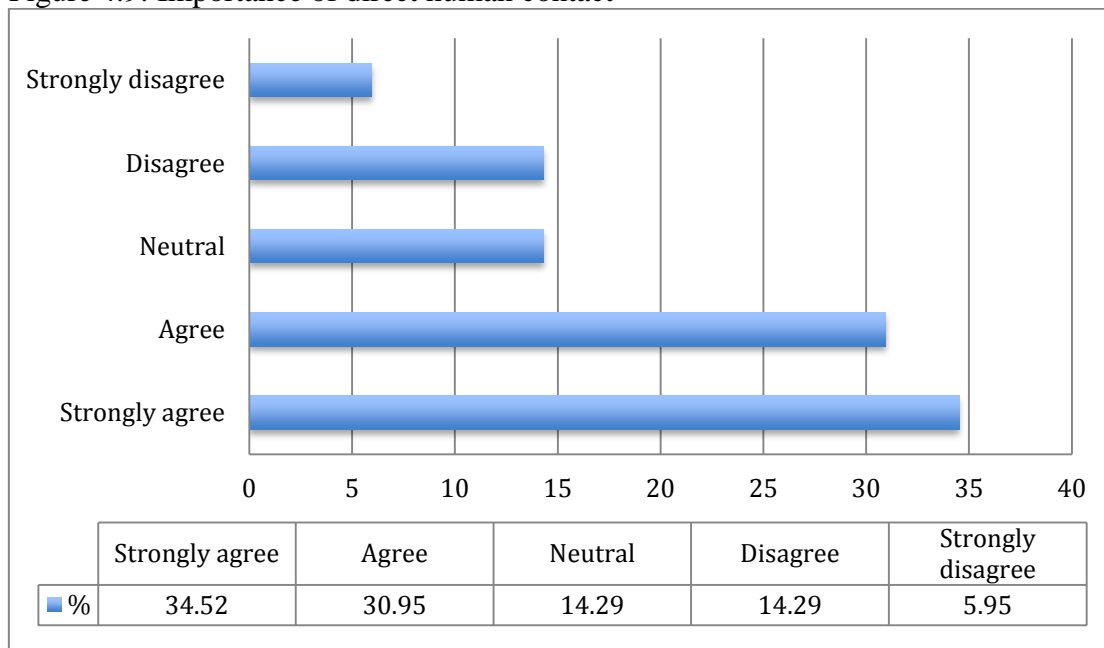
Sources: complied by the author

Table 4.9: Importance of direct human contact

<b>Face to face is important in banking relationship.</b>		
<b>Variables</b>	<b>Response (%)</b>	<b>Response count</b>
Strongly agree	34,52%	29
Agree	30,95%	26
Neutral	14,29%	12
Disagree	14,29%	12
Strongly disagree	5,95%	5
Total		84

Sources: complied by the author

Figure 4.9: Importance of direct human contact



Sources: complied by the author



**4.4 Research objective 3: To analyse whether French people are ready to switch from Click-and-Mortar to Pure player bank.**

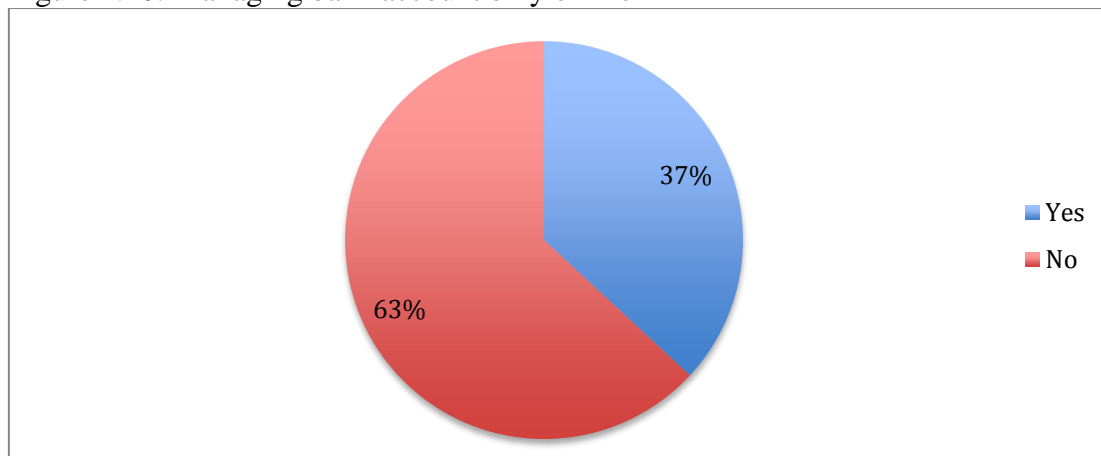
Result indicated that over than 60 per cent of respondents were not interested in managing their bank account only through the website (see Table 4.10 and Figure 4.10) and answered that nothing can replace the direct human contact (see Table 4.11 and Figure 4.11). However about 40 per cent of the respondents answered interested to managing their bank account only online (see Table 4.10 and Figure 4.10) and were found that being assigned a financial adviser only with long distance contact seems a good idea (see Table 4.11 and Figure 4.11).

Table 4.10: Managing bank account only online

<b>Are you interested in managing only your bank account online?</b>		
<b>Variables</b>	<b>Response (%)</b>	<b>Response count</b>
Yes	36,90%	31
No	63,10%	53
Total		84

Sources: complied by the author

Figure 4.10: Managing bank account only online



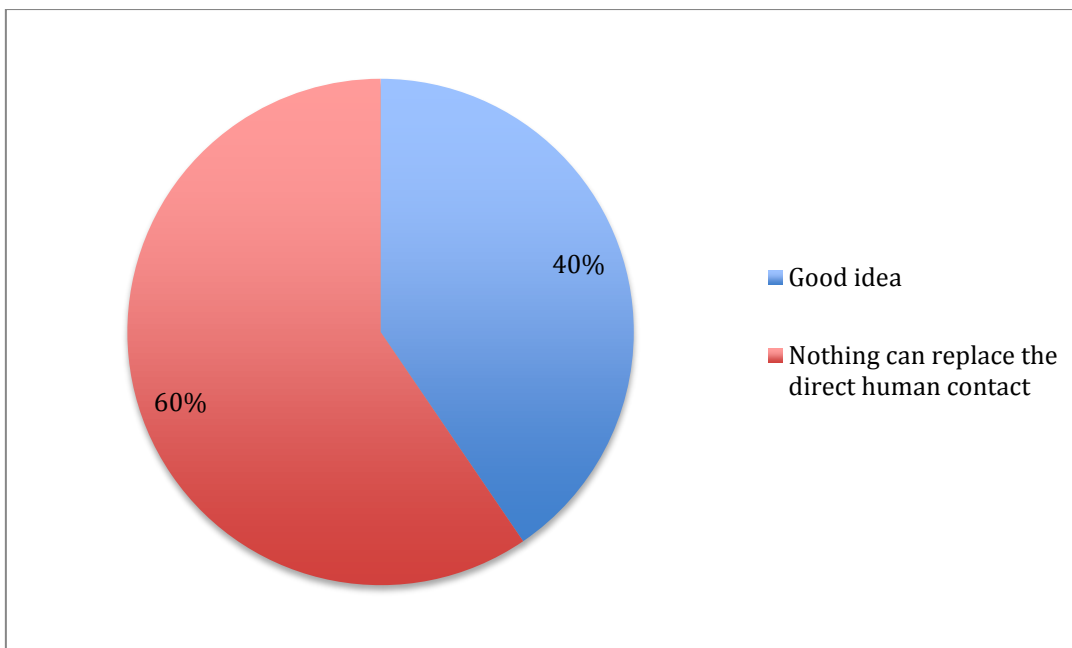
Sources: complied by the author

Table 4.11: Being assigned a financial adviser only with long distance contact

<b>What is your opinion about the possibility of being assigned a financial adviser, which would get in touch with you only by email or video even outside the opening hours of branches?</b>		
<b>Variables</b>	<b>Response (%)</b>	<b>Response count</b>
Good idea	40,48%	34
Nothing can replace the direct human contact	59,52%	50
Total		84

Sources: complied by the author

Figure 4.11: Being assigned a financial adviser only with long distance contact



Sources: complied by the author

## 4.5 Hypotheses

### 4.5.1 H1: Customer relationship management increase the quality of online banking services.

Table 4.12 and Figure 4.12 show that about 96 per cent of respondents were trust in the online banking services and 3 per cent did not trust the use of their bank website.

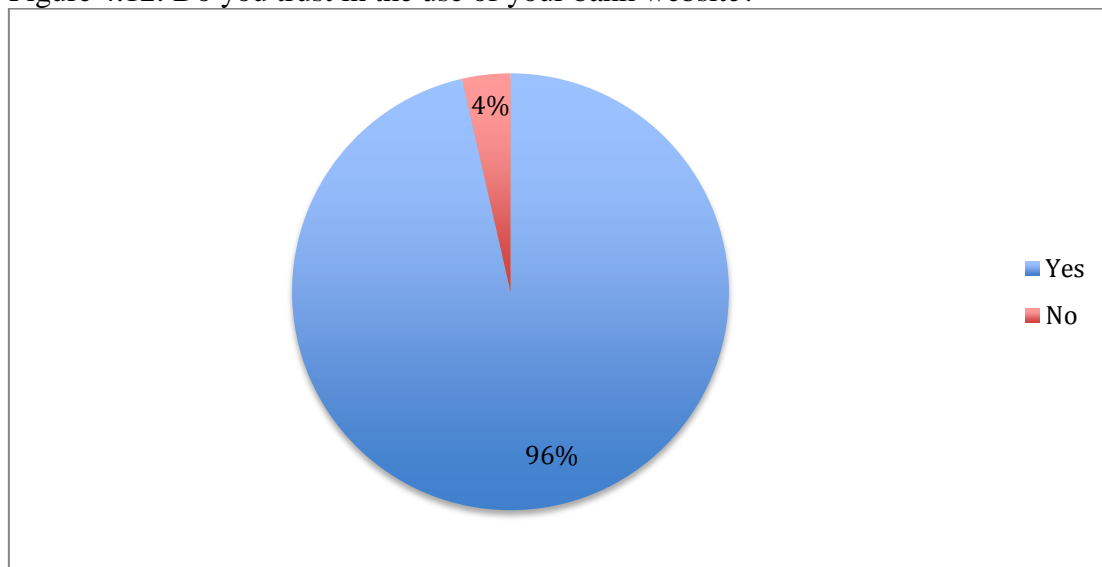
We can observe that Table 4.13 and Figure 4.13 show that most of respondents (81 per cent) responds that when their bank anticipate theirs needs and expectations, it is a component to increase the service quality that the banks could offer them while 19 per cent responded negatively.

Table 4.12: Do you trust in the use of your bank website?

Do you trust in the use of your bank website?		
Variables	Response (%)	Response count
Yes	96,43%	81
No	3,57%	3

Sources: complied by the author

Figure 4.12: Do you trust in the use of your bank website?



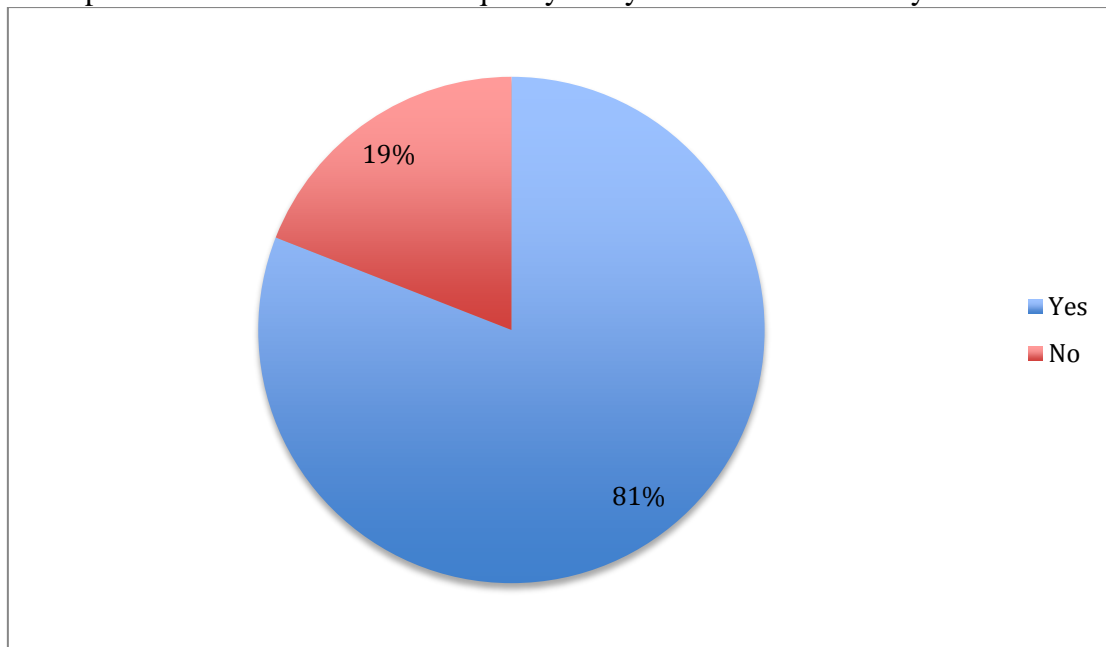
Sources: complied by the author

Table 4.13: If your bank anticipates your needs and expectations, will you assess it as a component to increase the service quality that your bank could offer you?

<b>If your bank anticipates your needs and expectations, will you assess it as a component to increase the service quality that your bank could offer you?</b>		
<b>Variables</b>	<b>Response (%)</b>	<b>Response count</b>
Yes	80,95%	68
No	19,05%	16

Sources: complied by the author

Figure 4.13: If your bank anticipates your needs and expectations, will you assess it as a component to increase the service quality that your bank could offer you?



Sources: complied by the author

#### 4.5.2 H2: Service quality enhance customer's satisfaction

Table 4.14 and Figure 14 show the answers of the respondents when they were asked if they are fulfilment when received services or products were specific to their need. About 57% of the respondents agreed (39 per cent) and strongly agreed (18 per cent),

while 12 per cent disagreed (6 per cent) and strongly disagreed (6 per cent).

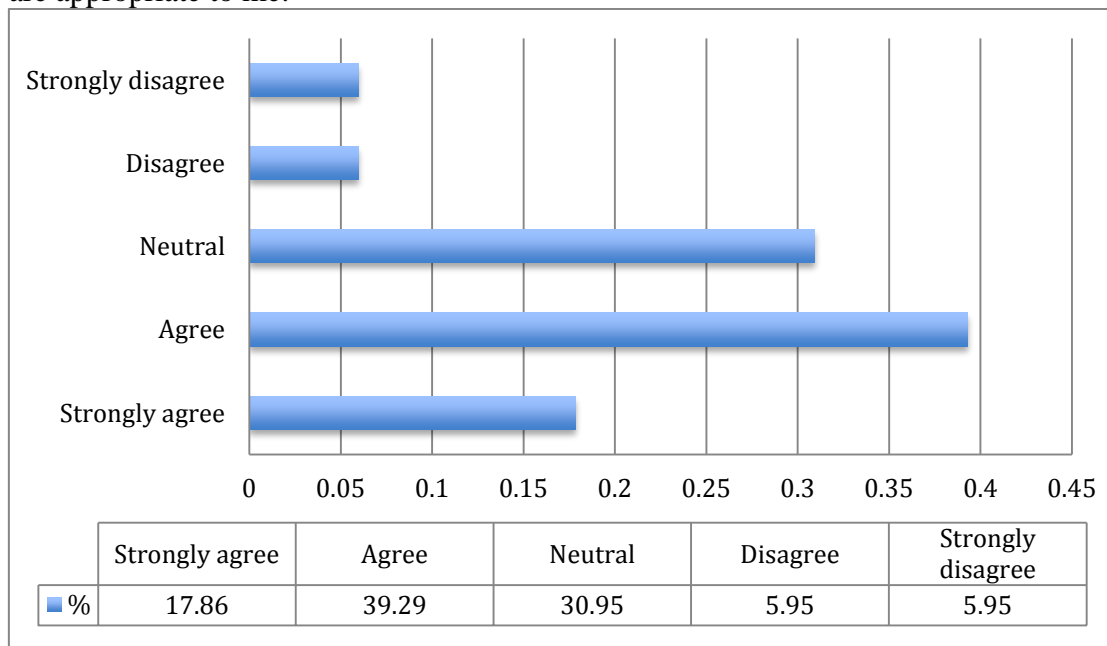
Furthermore, 31 per cent of respondents answered neutral.

Table 4.14: I am happy when my bank proposes financial products or services, which are appropriate to me.

<b>I am happy when my bank proposes financial products or services, which are appropriate to me.</b>		
<b>Variables</b>	<b>Response (%)</b>	<b>Response count</b>
Strongly agree	17,86%	15
Agree	39,29%	33
Neutral	30,95%	26
Disagree	5,95%	5
Strongly disagree	5,95%	5
Total		84

Sources: complied by the author

Figure 4.14: I am happy when my bank proposes financial products or services, which are appropriate to me.



Sources: complied by the author

### 4.5.3 H3: Customer satisfaction positively impact on customer loyalty

Table 4.15 and Figure 4.15 show the answers of respondents when they asked whether they would switch bank for any reason, even they are satisfied with their current bank.

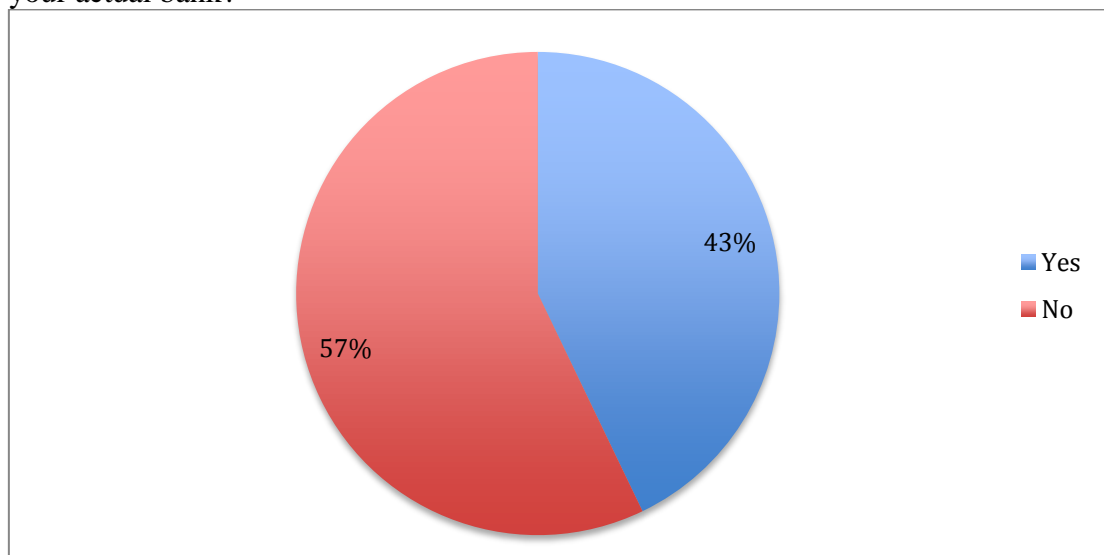
There were about 57 per cent of respondents answered negatively and about 43 per cent responded that they would change, even though they were satisfied.

Table 4.15: Will you switch banks for any reason, even when you are satisfied with your actual bank?

<b>Will you switch banks for any reason, even when you are satisfied with your actual bank?</b>		
<b>Variables</b>	<b>Response (%)</b>	<b>Response count</b>
Yes	42,86%	36
No	57,14%	48
Total		84

Sources: complied by the author

Figure 4.15: Will you switch banks for any reason, even when you are satisfied with your actual bank?



Sources: complied by the author

## **4.6 Conclusion**

This chapter presented the findings of survey conducted in this study. The data was based on the questionnaire. The next chapter would discuss how the analysis of these findings has helped achieves the objectives of the research, how hypotheses were tested and answer the research question. Finally recommendations will be made based on these findings.

## **CHAPTER 5: CONCLUSION AND RECOMMANDATIONS**



## **CHAPTER 5**

### **CONCLUSIONS AND RECOMMENDATIONS**

In brief, human contact is an important customer value for people who use the online banking services. Indeed, the perception of online banking services customers toward the quality of services was alike for using their bank website services.

The literature has defined relationship in two ways: behaviour relationship and perception relationship (Damkuvienė and Virvilaitė, 2007). According to the results obtained from this study, online banking services users have a perception relationship with their bank. The result showed that 57 per cent of respondents would not intend to switch banks for any reason, when they are satisfied with their actual bank. Thus, customers using their bank website service give more importance to emotional bonds with their bank.

Furthermore online banking services customers are extremely exigent, their want to access to the services anywhere and anytime, and require to have quality service. These customers also seeking for human contact as when they were asked for the choice being assigned a financial adviser only with long distance contact, 60 per cent of respondents answered that “Nothing can replace the direct human contact”. Therefore, these customers are passive relational customers, as they want human contact only when they want and seldom they respond to invitations to interact (Gronroos (2000) cited by Little and Marandi, 2003).

Therefore, we can conclude for that the traditional retail banks are still competitive towards Internet banking in France. French people would have access to their bank account details anywhere and anytime through the Internet or a mobile phone. However, they also would have the means to contact an adviser by telephone and in person to receive the right information.

Furthermore the hypotheses conducted throughout the study conclude that the CRM has a positive impact on the customer loyalty in traditional banking. According to the literature review the loyalty is an important factor to increase the financial performance of the companies and avoid customers switching to other competitors.

However, this study has drawn on a sample of 84 online banking services users in French, in order to answer the research questions. Therefore the conclusion drawn according to research objectives and hypotheses established at the beginning of this study and cross analysing them with findings through result of primary and secondary research data.

The researcher had drawn three research objectives and hypotheses in the start of this study. They are listed in follow:

### **5.1 Research Objective 1: To identify effectiveness gaps in use of online banking services between older people and young people.**

According to the literature review and the result of the primary research, the researcher can conclude that there are effective gaps between old and young adult in the use of the online banking services. The information technology adoption accelerates in our

daily life; majority of people uses the Internet today (Seybert, 2012). There are significant gaps between the young and older people for IT use, so called “digital divide” (Charness and Boot, 2009; McMurtrey et al., and Lindeman et al., 2011; Seybert, 2012). Indeed, older adults are subject to declines in visual and auditory sensory, motor skills and cognitive abilities due to their older age McMurtrey et al (2011). In December 2012, 80 per cent of the French population used Internet. More than 90 per cent young people aged 16-24 used Internet regularly while only 42 per cent of older adults (Seybert, 2012). Thus the evidence shows that aging people do not find as easy as young people to adopt the new IT system, such as computer, Internet, and the use of the online banking services.

However, a large percentage of the older generation are already online than in the past McMurtrey et al (2011). Table 4.2 and Figure 4.2 show that about 8 per cent of the respondents were over than 55 years old. This rate was higher than the researcher expectation.

## **5.2 Research Objective 2: To assess the perception of French online banking services users’ towards the importance of physical contact at bank level.**

The aim of this objective was to assess the perception of French online banking services user’s towards the relationship at bank level. According to Gibson (2012), we are in an environment of customer control. In this way customer becomes the centre of banks strategy. Therefore, to be competitive, banks need to delivery quality service, to retain existing customers. The evolution of IT system conducted banks to implement CRM system in order to facilitate the management of their customers information

data, to better responds customers' needs and their expectations. (Gordon, 2004; Ramseook-Munhurrin and Naidoo, 2011). CRM create a virtual interpersonal connection between bank and customer (Tamilarasan, 2011). The result of primary data shows us that 86 per cent of respondents were satisfied using their bank websites services (Table 4.8 and figure 4.8), although, 65 per cent among the online banking services users considered that the direct human contact are important in banking relationship. Only 14 per cent of the respondents thought that is not an obligation to have such relationship with their bank (Table 4.9 and Figure 4.9). This could be interpreted that the relationship at bank level is important for banks in France as well as for French online banking services users.

### **5.3 Research Objective 3: To analyse whether French people are ready to switch from Click-and-Mortar to Pure Player.**

After analysing the results of the primary research, the researcher observed that the majority of respondents (60 per cent) were not interested in managing their bank account only through the website (Table 4.10 and Figure 4.10) and answered that nothing can replace the direct human contact (Table 4.11 and Figure 4.11). Thus, those respondents did not agreed to being assigned a financial adviser only with long distance contact (Table 4.11 and Figure 4.11). However we need to take in consideration that they were also 40% of respondents answered positively for managing their bank account only online (see Table 4.10 and Figure 4.10) and were found that being assigned a financial adviser only with long distance contact seems a good idea (see Table 4.11 and Figure 4.11). Therefore, the finding reveals that the Internet banking services will not substitute the traditional banking services as the most of the online banking services users still need to have direct human contact to be

advised and guided in their banking relationship. Nevertheless, this situation may be different in the future as there were also 40% of respondents answered that long distance contact seems a good idea.

## **Hypotheses**

### **5.4 Hypothesis 1: Customer relationship management increase the quality of online banking services.**

Jayawardhena (2004) measured online service quality in bank through five dimensions: accesses, web interface, trust, attention and credibility. The IT development has conducted financial services industry using technology to replace human contact. Therefore customer personal attention was lacking. Thus the only way that banks could offer quality services is by satisfying customer's needs and their expectations. According to Wilson et al. (2008) CRM enhance and give a superior experience to customers, as CRM enhances the ability of an companies to understand customers and focusing on their needs (Chaffey and Smith (2012). Zeithaml and Parasuraman (2004) defined service quality as "the difference between customer's expectations of service and their perception of actual service performance". The customers' expectations play a crucial role in the assessment of service quality (Zeithaml et al., 1990). According to Berry and Parassuraman (1991) "Customers are the sole judges of service quality". That is why the researcher chosen questionnaire survey in order to collect customers' view.

The results of the survey (Table 4.12 and Figure 4.12) observed that about 96 per cent of respondents were trusted in the online banking services. Furthermore, Table 4.13 and Figure 4.13 show that most of respondents (81 per cent) agreed that when their bank anticipates their needs and expectations, it is a component to increase the service quality that the banks could offer them. Therefore, we can conclude that the hypothesis was both accepted on literature review and research results throughout this study.

## **5.5 Hypothesis 2: Service quality enhance customer's satisfaction**

According to Schneider and White (2004), Service quality is determined as the critical determinant of customer satisfaction. Oliver (1997) defined the concept of satisfaction as consumer's fulfilment response. Wilson et al (2008) added that fulfilment happened when one's needs have been met (Hoyer, 2010).

The results of the survey confirmed that the quality of service enhance customer's satisfaction. The hypotheses one claim that when the banks anticipate customer's needs and expectations, it is a component to increase banking service quality and Oliver (1997) defined the concept of satisfaction as consumer's fulfilment response. In order to test the hypothesis two, when the respondents are asked for whether they are fulfilment when they received services or products specific to their need. About 57% of the respondents were agreed (39 per cent) and strongly agreed (18 per cent) that they are happy when their bank proposes financial products or services, which are appropriate to them (Table 4.14 and Figure 4.14). Therefore, both research result and literature review accepted this hypothesis.

### **5.6 Hypothesis 3: Customer satisfaction positively impact on customer loyalty**

The hypothesis can be perceived from several views as satisfaction is based on thoughts and feelings (Hoyer, 2010). People are not thinking and feelings in the same way and feelings can change in different situation. The research hypothesis are either accepted or rejected based on the literature review and the research result. Satisfaction is commonly a comparison of what a customer expected and what customer actually received. Satisfaction involves a positive experience of the customers and achieves customer expectation (Trasorras et al, 2009). However, there will always some dissatisfaction customers due to a variety of cause (Trasorras et al, 2009). Trasorras et al (2009) found that satisfaction and value are major reasons for consumer to repurchase. Identifying the customer values can help to increase customer loyalty and retention. Authors also found that satisfaction has more influence than value for customer retention. However, Schiffman et al. (2010) considered that satisfaction might not guarantee loyalty, because even when customers satisfied with the service received, they can switch to competitor, which offered more attractive service.

Nerveless, the research finding throughout this study observes that customer satisfaction were effectively a positive impact on customer loyalty. The majority of the respondents (57 per cent) answered that when they are satisfied with their actual bank, they would not switch bank for any reason (Table 4.15 and Figure 4.15). Johnston and Marshall (2010) posited that building customer loyalty can avoid customers switching to competitors and is also an effective tool to gain sustainable competitive advantage.

## 5.6 Recommendations

Today, the bank has chosen to focus on a relationship of trust and transparency in order to attract new customers and continue the existing customer's retention efforts. Their actual strategic axes are to have a personalized offer, a multi-channel digital approach and managing the evolution of clients.

Thus, in this way, the researcher would like to give some recommendation to help in banks actual and future strategy. The researcher wishes that it could also be useful for banks in the other country.

Firstly, social network must be employ by the Banks. It is a strong communication channel, where the bank could collect and listen to their customers. For instance, since 2010, Twitter and Facebook are already used by the leaders of traditional banks in France such as BNP Paribas, Soci t  G n rale, Credit Agricole, and so on. Pure players banks such as ING Direct and Boursorama also use them. Social network could complete the range of customer management tools used by the banks, which enhance the interaction and the transparency between Bank and Customer. Thus, banks in their strategy of relationship banking must employ the social network.

Retail banks could also implement video contact in their online banking services, for instance Skype, in order to enhance the interaction with their customer through the Internet channel. As the result of primary research shows (Table 4.11 and Figure 4.11) that 40 per cent of respondents already think that the possibility of being assigned a financial adviser, which would get in touch with them only by email or video is a good idea. Furthermore, the result of the survey shows that the majority (81 per cent) of



respondents agreed that if banks anticipate customers' needs and expectations, it will a component to increase the banking service quality (Table 4.13 and Figure 4.13). Therefore, the investment in the video contact will probably better increase the banking quality service to those people who have geographic mobility impact and to be competitive faced with Internet banking.

However, the finding shows also that there are effective gaps between old and young adult in the use of the online banking services. Davis et al., (1989) explained that the relationship between individual's behaviour and the use of IT is mainly throughout two things: perceived useful and perceived easy to use. Therefore, in order to attract older adult categories customers, banks need to persuade those people that online banking services are useful and easy to use. However, the main reason that still many older people are not adapting to the IT use is the lack of desire to use or not perceived a need to adopt technology (Lorenzen-Huber et al. (2011). For those people, traditional retail banks need to create strong relationship and take initiatives to differentiate themselves in terms of relationship. They could send personalised greeting card to theirs customer at the most important days (i.e Christmas, customer Birthday, New year, and so on), offer gift or to schedule meeting regularly in order to have interaction and enhance relationship with their customer.

**CHAPTER 6: SELF REFLECTION AND LEARNING**

## **CHAPTER 6**

### **SELF REFLECTION AND LEARNING**

This final chapter provide a personal development that has been made over the course of undertaking a Master in Business Administration in Finance programme and during the dissertation period. This section outline theoretical concept related to learning style, main academic and professional skills acquired during the completion of the MBA programme and how the learning has helped to improve skills that has added value to the researcher in future employment. Furthermore, researcher will discuss plans to sustain and extend this learning.

#### **6.1 Learning Styles**

Kolb (1984, p.38) the learning style inventory defined the learning as “ the process whereby knowledge is created through the transformation of experience”. Honey and Mumford (1992) identified people learn in two substantially different ways. Firstly we are learning by the teaching way: though lectures, case studies and books. And the second way is through our experiences, which often happened unconsciously. We get experiences from day to day, thus learning is a life-long process. John Morris (1991) cited by Honey and Mumford (1992) described learning as “a never ending spiral”, which has four distinct stages: have an experience, review the experience (reflection), conclude from the experience (forming concepts) and plan the next steps (experiment

and create another experience). Kolb (1984) outlined four learning styles through this process (see figure below 6.1).



Figure 6.1 The learning cycle (adapted from Kolb)

*Source: Barclay (1996)*

Kolb (1984) identified four basic learning styles dependant on the different stage of learning process and recognised with Honey and Mumford (1992) that each individuals has a preference for one or several styles. These four styles are:

**Activists.** Activist enjoys the new information and experiencig. They prefer immediate action and are open-minded, and enjoy challenge. Furthermore, they are more intuitive and tendency to make decision by feeling. A person who is activist is good at relating to others, thus they enjoy work with others.

**Reflectors.** Reflectors prefer to observe carefully others and adopt a low profile in discussions. They take time to looking at things from all possible angles and collect data before coming to a decision. A person who is reflector is patient, impartial, considered, cautious and thoughtful.

**Theorists.** Theorists approach problem logically, and adapt their observation into theories. They are rational and opposite to activists in their decision-making. They enjoy planning, and experiment quantitative analysis. A person who is theorist is précis, rigorous with analysis approach and has a clear conceptual thinking.

**Pragmatists.** Pragmatists find it easy to influence people and change situations. They are practical and make decisions quickly are opposite to reflectors, which are more thoughtful, cautious and observing in their decision-making. A person who is pragmatist enjoys challenges and takes risks in order to achieve their objectives. They influence on the environment around them and get things accomplished.

The researcher has identified during the dissertation that people had different learning styles. According to the learning cycle figure, most of us use all stages of the learning cycle, but a preference for one or several styles can be exist from different people. Reflector reviews and reflects all the time. However, activist, theorist, and pragmatist need to be reminded to reflect regularly.

From student life, the researcher has acquired her personal learning style. In order to discover she's learning preferences, the researcher completed the Learning Style Questionnaire from Honey and Mumford. Among the four learning styles, the researcher has discovered that she is more like a Reflector. That means researcher learn by observing and thinking. Before acting, reflector prefers to be prudent, collecting data, observing experiments, taking the time to work towards and making appropriate conclusions. Thus reflector people like observing before given their own opinion and like to look things from different perspectives (Honey and Mumford, 1992), which matched to researcher learning style.

## **6.2 Learning outcomes and self-analysis during the learning process**

### **6.2.1 Research and investigative skills**

Before the start of the dissertation phase, the researcher analysed her academic skills acquired before undertaking the MBA program and realized that she cannot use academic search and online journal resources. As an MBA and international student researcher need to produce academic works. Earlier in her first semester, the researcher felt confused and disoriented, because she was somewhere else with a different culture before arriving in Dublin. The education system and the language are different between Ireland and France, where the researcher came from. In France, the tutors invest more time to prepare courses, to structure student's time and what student must read through lessons. However, in Ireland students study more independently. For producing a good academic work in order to succeed the MBA academic year, she did undertake the course of research skills to improve and learn how to write out references.

The library class “ Finding books, article and more” was especially useful to learn how to research and where to find out information effectively. Dublin business school provides many useful resources to study like free access to the library (Aungier Street and Dame Street' library), online resources through their intranet, free access to Dawson books, EBSCO, Emerald, Encyclopaedia Britannica, JSTOR, and so on.

Furthermore, to conduct successfully the dissertation, the researcher attended “Writing assignment & Referencing” and “Thesis Workshop” to understand how to prepare a literature review and the bibliography of references. The researcher also attended “Zetero Workshop” library class, and has learned very useful reference management

software to manage references for her dissertation.

The research method course drawn from the second semester permitted the researcher to have a clear view about research process and helped her to develop and conduct surveys for the dissertation. The researcher has learnt that before developing a quantitative research, she needs to focus on qualitative information. This permitted her to explore and understand about the background information. This helps to measure a subsequent quantitative research. Furthermore, methods used to collecting data have allowed the researcher to learn how to investigate efficiently, which was a new experience and also a challenge for the researcher as she had never done that before.

The researcher can now target research quickly and effectively. Then thus, she could use more time to write and make reflection in her learning process.

### **6.2.2 Team working skills**

The MBA program offered the opportunities to improve team-working skills, as lectures made teamwork up 50% of assessment. The teamwork let the researcher be aware that the most important thing to lead a team to success is the commitment of each member within the team. By working in a team the researcher learnt that teamwork allows people to take advantages of synergy through the group and to be more productive than working alone. Interpersonal skills were also developed through team working by resolving conflict inside the team.

Team working is more and more present in the modern working environment and nowadays many firms include this criterion at their hiring process. Moreover, by

attending the courses of the MBA, researcher has come to realize that is fundamental to know how to work with team efficiently and to provide a productive work.

The researcher has improved her leadership, has learnt to manage and contributed ideas inside group work. Team working skills would help the researcher to become a good manager in her future career

### **6.2.3 Communication Skills**

The course of International Management offered us a presentation time every Monday to conduct a case presentation of fifteen minutes. These experiences let the researcher to practice communication skills.

Communication is a part of our daily conversation and according to the most of alumnus and professional people in my network; they mention that if we know how to communicate effectively, it will be an important key for an individual's success in today's competitive workplace. Good communication skills may enhance the interpersonal relationship to help people and to embrace social network, which will be a key point in my future career.

The researcher has improved her communication skills during presentation in front of the classmates: researcher has learned to speak to audience facing them without reading notes, making eye contact and using body language effectively. The Researcher can now speak more fluently with an audience. Ability of good communication will enhance career prospects. Even I have improved my presentation skills, I still feel sometimes uncomfortable. Thus, the researcher will continue to



improve presentation skills until she is able to attract audience during presentation.

#### **6.2.4 Personal management skills**

The researcher has also improved personal management skills. The MBA program allows people to be independent learner. During the dissertation period, the researcher needed to plan the time: identify the most urgent task, and then schedule the tasks that have to be accomplished in the right order. Limit every phase of the dissertation that had to be done according to the time that could be spent on each one. For instance, limit time to read literature review and to write it, the methodology part, data collection and analysis, and so on, in order to accomplish the dissertation on time.

A manager must be able to manage workers. He is responsible for planning and monitoring his team and taking corrective action when necessary. Although, before starting to manage people, we need to learn first how to manage ourselves such as to have positive attitudes and behaviours, to have initiative and time management. These skills are very important in order to achieve successfully the researcher career goal. Through the dissertation phase, the researcher learns to balance and use time efficiently. Now, the Researcher can work more productive and accomplish tasks unhurriedly on time.

#### **6.3 Plans to sustain learning**

According to Mumford (1999), learning is the centre for most managers and professionals. Motivation, need and interests primarily drive learning. In order to improve our learning, we need to create opportunities to experiment continually new

experience opportunities and collect feedback to review our experience. Reflection is an important part during the learning process. According to Barclay (1996), reflection gives people the opportunity to learn from mistakes and informal opportunities. In addition, it permits us to take time to consider and reflect on what we have done. Therefore, we can learn more effectively by reviewing each occasion that has taken place. Thus, reflection is a key element in the learning process.

As living in a knowledge-based society, learning and improving skills were on the researcher primary educational goal. This is also the reason that the researcher took the initiative to undertake the MBA program. Learning is life long (Honey and Mumford, 1992) and will never finish. Obviously, the researcher will continue to learn during future career. Therefore, it will be vastly important to become an effective lifelong learner.

#### **6.4 Conclusion**

In brief, the MBA program and dissertation phase had gave researcher a great opportunity to gain relevant skills in her future career. Especially, team-working skills developed through working in groups, communication and presentation skills, and the personal management skills. The dissertation phase led researcher developing analytical skills. This learning process would be very useful and will help researcher to sustain and continue to become a more effective learner in her life learning. It will also be her personal skills portfolio.

The researcher has now the ability to be more objective and have critical analysis skills before making decision. That proves researcher have improved her decision-

making skills. This will particularly be useful in later roles in researcher's career where these skills can be applied effectively. All modules covered in the MBA program gave the researcher the opportunities to develop new knowledge for the research process and to apply what she has learnt into practice. This dissertation therefore, has provided excellent learning outcome for researcher in personal and future professional career development.

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**APPENDICE**

## Questionnaire

I am a MBA student studying at Dublin Business School. As part of the requirement for the completion of my course, I am required to conduct a research on a topic of my choice. My research is based on the online banking services. The aim is to investigate the perception of French people toward the importance of human contact in relationship at bank level in order to analyse if the online banking services will substitute the traditional banking services. This will only take you 2 minutes! Thank you for your assistance

1. Gender:           Male           Female
  
2. In what age group are you?  
16 – 25  
26 – 35  
36 – 45  
46 – 55  
Over 50
  
3. What is your education level  
Primary level  
Secondary school  
University (Third level)
  
4. How long have you been using your bank website services?  
Less than 1 year  
1 to 2 years  
2 to 5 years  
More than 5 years
  
5. Which support do you use the most to access online banking services?  
Computer  
Smartphone
  
6. How often do you use the online banking services, approximately? Please choose the appropriate response.

- Every day
- Several times a week
- Once a week
- A few times a Months
- Rarely

**7.** The reason for the use of the online banking services:

(Tick as many as is applicable)

- Check your balance
- Transfer money between your own accounts
- Transfer money to a third party
- Order checks or Credit card
- Subscribe to financial product:
- Bill payment
- Communicate with your banking relationship manager (by e-mail)
- Use the calculator
- Find information about financial services and products
- Make stock exchange order for shares
- Compare charges between banks
- Other\_\_\_\_\_

**8.** Are you satisfied with the use of online banking?

- Yes
- No

**9.** Face to face contact is important in banking relationship.

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

**10.** Are you interested in managing only your bank account online?

- Yes

No

**11.** What is your opinion about the possibility of being assigned a financial adviser, which would get in touch with you only by email or video even outside the opening hours of branches?

Good idea

Nothing can replace the direct human contact

**12.** Do you trust in the use of your bank website services?

Yes

No

**13.** If your bank anticipates your needs and expectations, will you assess it as a component to increase the service quality that your bank could offer you?

Yes

No

**14.** I'm happy when my bank proposes financial products or services, which are appropriate to me.

Strongly agree

Agree

Neutral

Disagree

Strongly disagree

**15.** Will you switch banks for any reason, even when you are satisfied with your actual bank? (i.e. lower price, a new financial products or service, better services, etc. proposed by concurrent bank)

Yes

No

**Thank you for your assistance.**