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**The Dissertation of M.Sc. in Management Information Technology
Trends In Electronic-Business**

**Title: Evaluation of Electronic Customer Relationship Management System as
Perspective of Bank Clients and Personals.**

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In the Name Of God

This research entitled evaluation of performance of electronic customers' relations management system in Melli banks of Zahedan is part of the training program of Masters' degree course in IT management and has been produced by student, Somaye Talebzadeh, under supervision and guidance of Doctor Habibollah Salarzahi. Use of its content is allowed for educational purposes by citing the source and by informing the higher education office of Sistan and Baluchistan University through.

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Confirming originality of the thesis

I, Somaye Talebzadeh, hereby confirm that the information used in this thesis is the results of my own research and other researchers works used for this research have been thoroughly cited. Moreover, this thesis has never been proposed before to acquire same level or higher level degrees.

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Student's full name: **Somaye Talebzade**

Signature:

Dear God,

*Whenever you are not with me, I have lagged behind
my work.*

*Sometimes I am so far away from you and at the
same time you are so close to me.*

Dear God,

*You have supported me so many times that I am
ashamed I may not deserve all this kindness.*

Whenever I had nothing, you were my every thing.

Dear God

Thank you that I have you.

Present

*To my father that all the efforts and dedication of
the*

And mother to pass the peak strength and kindness

My dear brothers and sisters who were supportive

And I love all those who have taught me

Appreciation

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ABSTRACT

Fast advancement of information and communications technology in today's world and also intense competition between businesses to attract and maintain customers, which is the main competition advantage, has led to appearance of a new concept called "electronic management of customers' relationship". Furthermore, in order to meet customers' needs the concept of electronic banking was created which has started a new era in competition because of its fast pace, high efficiency, cost reduction and taking advantage of temporary opportunities by using electronic facilities and electronic data.

This has caused intensive competition between banks to offer better services to customers; the only governmental bank of Iran, Melli bank is no different. The question is whether or not electronic management of customers' relations has affected staff satisfaction in Melli bank? Has electronic management of customers' relationship been effective on Mellie bank's customers' satisfaction? It was decided to find the answer to these questions through a research project. Moreover, the type of goal of this project is practical.

In this project, we were determined to evaluate electronic management of customers' relationship in Melli banks of Zahedan. As a result after identification of all branches of Melli bank, we collected primary data to devise a questionnaire for banks evaluation. After grouping of primary parameters of electronic management of customers' relations, using customers' data, two series of questionnaires for customers and banks' staff were devised and then these questionnaires were examined based on their stability. The results were ideal; therefore these questionnaires were distributed amongst samples and were calculated using Cochran formula. The results were analyzed using SPSS software. Taking analysis of results, it can be concluded that this evaluation is satisfactory from the point of view of both customers and personnel, although customers' satisfaction was dramatically low. For this purpose, suggestions are offered to improve electronic management of customers' relationship. We hope that this research can be useful in improving electronic management of customers' relationship.

Key words: electronic customer's relationship management, information technology, electronic banking, melli bank

Chapter 1

Introduction

1.1 Introduction:

Today, organizations have reached the conclusion that they must improve their relations with customers and switch from axial production to customer or client-centered business and create more value for customers to be distinguished amongst all other organizations. This way of thought led to appearance of Customers' relationship management and electronic customers' relationship management. In this research, we will try to evaluate the performance of E-CRM in Melli banks of Zahedan.

1.2. Explaining the problem:

Customers' relationship management is a concept and an approach in science of system management in which concepts such as procedures' management and management of technological tools relevant to the customer and also information resources are discussed. Therefore, organizations which are aware of customers' needs and have a 360 degree view of them can offer higher quality products and services to customers. (Dahmardeh et al, 2010, p92)

Each bank customer equals a liability for the bank. Today, it is banks' duty to see itself in the mirror of the customer and try to understand wants and needs of its customers in a competitive environment and fully satisfy its customers. From Cutler's point of view, E-CRM is part of the concept of electronic business and describes electronic tools to direct companies' tasks and enables institutions to offer faster and more precise services in a broader time and location domain with lower costs. It is also able to specialize and personalize services for customers. (Shahraki et al, 2010,p4)

Today being customer-oriented and customer-centered is one of the very important concepts in overall development of organizations and banks as organizations offering financial services are not so different. Considering the importance of electronic banking in today's competitive business world, especially in the banking world, electronic customers' relationship management compelled us to study effects of factors which provide ease of completion of tasks for personnel, reduces their work pressure, increases the pace which increases response to managers, saves time and costs, satisfies the staff on one hand and on the other hand factors such as studying customers' needs and personalization of services

being offered based on type of customer and his demand on the basis of his age, job, education.

Also examining the challenges of customers not using electronic services and problematic factors causing inefficient use of it are important because they will lead to lack of satisfaction of users and consequently personnel.

Based on this need, examination and evaluation of electronic customers' relationship management is essential.

1.3. Necessity of research:

Currently, all banks except Melli are privatized. With growth of internet and information technology all banks have moved toward offering services electronically which has led to faster and better services and has increased competition between banks to attract more customers. Private Banks have been more successful in attracting customers than state banks, although still customers confide in state banks more than private banks.

Currently, some of the state banks have also become privatized; however they have kept their customers because of their reputation and reliability. The problem we are facing is that the only state bank in Iran, Melli bank, is losing its customers. Most customers are transferring their accounts to other banks, because despite offering same type of services, private banks offer faster services. In private banks, there is no complicated beaurucracy to connect to customers because these banks interact with new communication technologies, so this concept must also be considered in state banks and find to what extent interaction with new technologies exist? And whether or not customers, staff and managers are satisfied? Therefore, it is essential to carry out research about this subject which compelled us evaluate this subject. This research and evaluation of these important factors will not only help the bank keep its customers, but also attract new customers.

1.4. Research goals:

Research goals are goals which research project must be designed based on them.

Each research has two groups of goals: general and specific goals. The general goal is the subject of research which determines what the research is hoping to find. Specific goals are originated from general goals and show stages of research and offer an accurate framework for statistical analysis. Therefore, goals of this research are as follows:

1.4.1. The major goal:

Evaluation of electronic customers' relationship management in Melli bank of Zahedan.

1.4.2. Specific goals:

- Examining the extent of satisfaction of banks' customers
- Examining the extent of satisfaction of banks' staff
- Examining the effect of electronic customers' relationship management on ease of procedures

1.5. Research questions:

"Knowledge is a lock and its key is question" said Imam Sadegh (Kolini Razi, p49). So research starts with question and success of any research depends on the way we ask the question. Each question contains a problem. (Jaafari, 1999, p22)

1.5.1. The research's first major question:

Whether or not electronic customers' relations system is desirable from the point of view of bank personnel?

1.5.1.1. The research's minor questions:

Minor question number one: whether or not E-CRM system improves the quality of

bank's information?

Minor question number two: whether or not E-CRM system improves the quality of bank's services?

Minor question number three: whether or not E-CRM system provides bank personnel's satisfaction?

1.5.2. The research's second major question:

Whether or not electronic customers' relations system is desirable from the point of view of customers of Melli bank of Zahedan?

1.5.2.1. The research's minor questions:

Minor question number one: whether or not E-CRM system increases loyalty of customers to the bank?

Minor question number two: whether or not E-CRM system will increase the pace of responding to customers?

Minor question number three: whether or not E-CRM system affects customers' satisfaction?

Minor question number four: whether or not E-CRM system affects customer's social and economic issues?

1.6. Research hypotheses:

1.6.1. The research's first major hypothesis:

Electronic customers' relations system is desirable from the point of view of bank personnel

1.6.1.1. The research's minor hypotheses:

Minor question number one: E-CRM system improves the quality of bank's information

Minor question number two: E-CRM system improves the quality of bank's services

Minor question number three: E-CRM system provides bank personnel's satisfaction

1.6.2. The research's second major hypothesis:

Electronic customers' relations system is desirable from the point of view of customers of Melli bank of Zahedan

1.6.2.1. The research's minor hypotheses:

Minor question number one: E-CRM system increases loyalty of customers to the bank

Minor question number two: E-CRM system will increase the pace of responding to customers

Minor question number three: E-CRM system affects customers' satisfaction

Minor question number four: E-CRM system affects customer's social and economic issues

1.7. Method of research:

This research is descriptive-survey type and based on its goal it is scientific-practical. A descriptive research describes every detail of a situation and we describe and interpret whatever there is and study the obvious conditions and effects. (John Bast, 1993, p125)

In survey approach, the researcher is searching for a change which has happened naturally.

Practical research is an effort to find a solution for a scientific problem. (Khaki, 2007, p92)

In this research, the researcher has devised two separate questionnaires for bank's personnel and customers who use IT services (internet banking system, internet services, receiving user ID, following up non-physical bill payments, transfer of internet funds, receiving account savings, bills internet group payments, card number and non-concentrated facilities, buying charge for the Melli bank card, organization's registration report system, sending customers' national code) in Likert's range which examines criteria such as preciseness, fast pace, easiness, saving financial costs,

increasing the capability of personnel, bank's customers' satisfaction and bank's personnel etc.

1.8. Research history:

Studying the research history if done correctly helps to explain the problem and connects research findings to the previous researchers. (Alvani, 1997, p86)

Because of that a researcher who intends to develop a specific knowledge must first identify and study researches done in that field.

Relevant to customers' relations management, considering this point is very important that CRM is an organization's business resolution and not a product or service offered by an organization. In other words, CRM is not an information technology but uses IT to achieve its goals. This proves that the need to implement CRM in an organization is a business resolution and implementation of information systems of CRM is not part of an organization's resolution to identify and satisfy customers and make them permanent customers and generally if we want to define CRM, it is correct methods of keeping customers and connecting to them correctly or it is a procedure consisting of supervising the customer, then managing the evaluation of data and finally a real advantage of data extracted in interactions with customers. (Wiley&Brown, 2000, P87-106)

E-CRM is the result of one of major changes in business beliefs and paradigms and that is change in organizations' approach to general relations with various groups of customers into individual and virtual relation with them using ICT which is a business resolution and is moving towards increase of volume of business interactions of the company.

In 2006, Fereshteh Amin and Ali Ramazani carried out a research, entitled CRM based on customer's evaluation system, offered two conceptual models of customers prioritization and customer's prioritization procedure based on AHP technique in Mellat bank and were able to examine key variables in customers' prioritization including variables of fame, having positive performance history in branch, discipline in work, competitive market, previous year's sales, previous year's profit, demand and need, account savings, the type of commitment, fulfilling promises and not having returned cheque, the coordination of facilities with customer's account circulations, the amount and type of investment.

In 2009, Azimeh Danesh Shahraki and Mohammad Davarpanah in their research entitled CRM in Iran's electronic banking portal studied E-CRM to create solutions to improve its performance. In this research CRM was assessed in three aspects of operational, communicational and analytical in electronic banking portal and they concluded that the banks under study do not carry out any analytical operations.

In 2010, Mehdi Ajali, Hossein Safari and Amin Ghanavi completed a research about success factors in E-CRM and used balanced score card (BSC) to find a way to improve the performance of E-CRM.

In 2010, Maryam Zarezadeh and Maryam Akhavan Kharazian in their research entitled explaining CRM model in offering electronic banking services studied CRM and its effects on Electronic banking advantages.

In 2010 Koumars Ghafourian, Soudabeh Ghafourian, Kambiz Taherian Saraf in their essay called portable CRM- offering a model and implementation of it on X virtual bank searched for resolutions which can be used with portable tools by banks to offer the best services. These resolutions are introduced in a model called Q and the basis of this model is grouping information including customers, services etc which emphasize on mutual interactions with customers. In this model, services are divided into many parts and develop. Also in categorization of customers the scores gained by them enter data site so that in each stage only the best customer is selected to benefit from being the best.

In 2010, Alireza Mazaheri Tehrani and Ali Sanayei in their essay entitled study of CRM procedure and offering an E-CRM model in Melli bank of Iran examined CRM procedure and offered an E-CRM model in Melli bank. Furthermore, they assessed effects of implementation of CRM on keeping and attracting customers using electronic indicators.

In 2010 Moazzi in his master's degree thesis called survey of E-CRM studied E-CRM and offered results of his research.

In 2010, Aalmai, in his master's degree thesis entitled evaluation of readiness for implementation of E-CRM examined E-CRM system in one of the banks.

In 2006 CHEN Bocheng W. H. Ip, LIANG Bing, and Henry C. W. Lau in their essay called "A Functional Framework for Integrating E-CRM with Workflow Management Based on Customer Value" examined a framework to merge E-CRM with work circulation

management based on customer's value. This essay offered a functional framework based on E-CRM in customer's value and is trying to achieve a win-win strategy for both the company and customers. In addition to that, work circulation management system is an inseparable part of this solution to facilitate a provision chain or a developed organization.

In 2011, Jung-Chi Pai and Fu-Ming Tu in their essay entitled "The acceptance and use of customer relationship management (CRM) systems: An empirical study of distribution service industry in Taiwan" carried out an experimental study of distribution industry in Taiwan using E-CRM system. The main goal of this study was examining the effective factors on acceptance and use of CRM systems. Moreover, the suggested model for the research was devised based on the coordinated theory of acceptance and use of a suitable technical framework (UTAUT) and technology work (TTF) and also theories' management and technological aspects.

By examining the research history and what was explained here we can conclude that CRM system and after that E-CRM system has been always important for all organizations and implementation of it can improve and facilitate organizations' procedures and operations.

1.9. Research domain:

- Subject domain: is a discussion relevant to evaluation of E-CRM from the point of view of bank's personnel and customers.
- Time domain: this research began in Mordad 1390 Iranian calendar and was finished in Aban the same year.
- Location domain: is all staff of Melli bank of Zahedan and IT customers of Melli bank of Zahedan. (There are 31 branches of Melli Bank in Zahedan.) And sample's volume is selected based on Cochran formula.

1.10. Methods of data collection:

Data collection is one of the main parts of preparing a thesis of master's degree. If it is carried out correctly and with discipline, analysis and drawing conclusions will take place

precisely and fast.

In this research, based on questionnaire the questions of the researcher will be answered using Likert's range and degrees of 1 to 5 which are completely disagree and completely agree. Also using interviews with IT experts and documents, ambiguous points will become clear for the researcher.

1.11. Data analysis:

The collected data via analysis questionnaires which include statistical data and research questions and data analysis is done using SPSS software.

1.12. Research procedure:

For the purpose of research the following model will be used in order to achieve the specific goal step to step. The process is as follows:

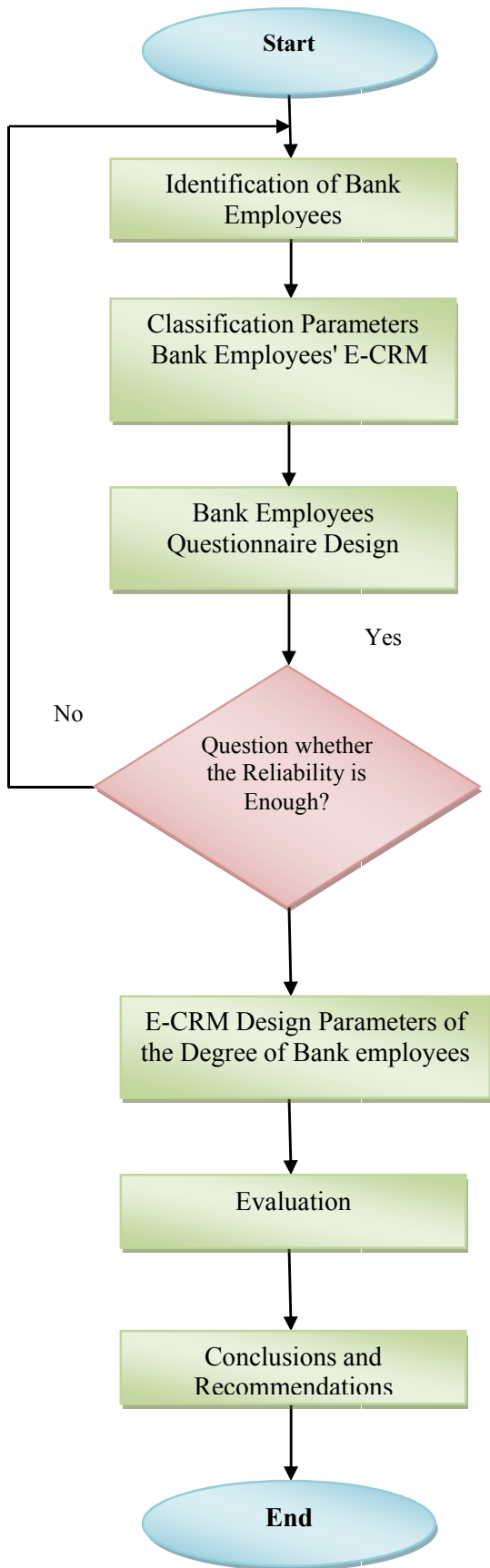


Figure 1-2: The process of conducting research Source: Designed by Researcher

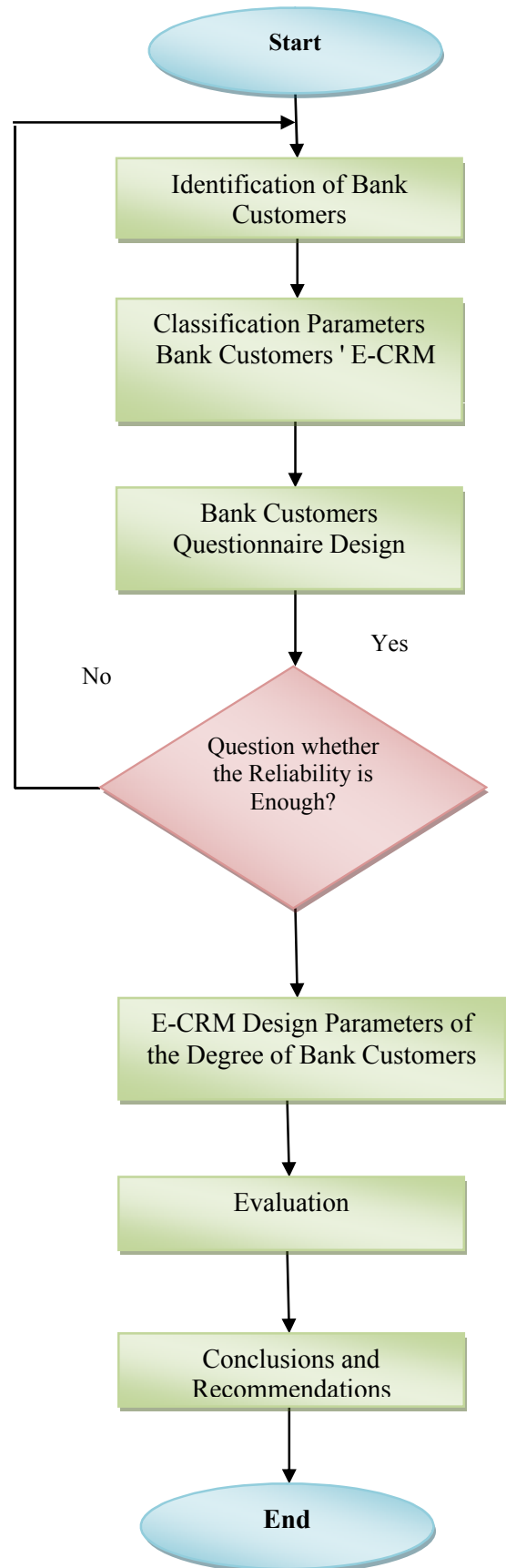


Figure 1-1
research S

1.13. Key words:

Electronic customers' relationship management:

E-CRM is considered a business strategy to gain a long-term competition advantage via time efficiency and increasing the quality of the product delivered to the customer and simultaneous extraction of business value. In other words, it is a win-win resolution in which customers and companies both gain what they want from each other via a stronger relation. (Mirfakhreddini, 2009, p57)

Information technology:

Despite a broad range of use of IT in various industries there are many definitions of this concept from various points of view. Some of them are:

“IT is a set of tools, equipments, knowledge and skills which are used to collect, save, regain and transfer information. Based on this definition, IT will be a set of tools, knowledge, methods and skills which are used in production, transfer and process of information. “(Azarang, 2001, p17)

Based on another definition, the phrase IT is used to describe a type of technology which help us record, save, process, regain, transfer and receive information. This phrase includes new technologies such as computer, fax and long-distance communications. (Holmes et al, 1998, p5)

Electronic banking:

Electronic banking means use of advanced software and hardware technologies based on network and telecommunications to exchange financial resources and information electronically which can omit the need for customers to be physically present in banks branches. (Allahyarifard, 2005)

Quality of information:

Some values of outcome of E-CRM are received from system users. The information system supervisors face an essential problem which is effective use of information systems