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ISTANBUL COMMERCE UNIVERSITY

SOCIAL SCIENCE INSTITUTE

DEPARTMENT OF BUSINESS ADMINSTRATION

MASTER IN BUSINESS ADMINISTRATION

IMPACT OF CUSTOMER RELATIONSHIP MANAGEMENT ON CUSTOMER SATISFACTION OF COMMERCIAL BANKS OF MOGADISHU SOMALIA

Master's Thesis

Mohamed Abdirizak Ahmed

ID 200012463

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The thesis entitled IMPACT OF CUSTOMER RELATIONSHIP MANAGEMENT ON CUSTOMER SATISFACTION OF COMMERCIAL BANKS OF MOGADISHU SOMALIA the graduate student at the Business administration postgraduate program has been accepted as the Master's Thesis by majority of votes/ unanimity of votes by the jury formed by the decision of the Board of Directors of the Graduate School dated 20/07/2020 and 2020-510/02 numbered

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ABSTRACT

Customer relationship management is a commerce technique which maximizes sales, customer satisfaction, productivity and by organizing potential customers, encouraging practices that attract customers and introducing customer-centric procedures. When banking institutions become extremely competitive, CRM came into power. Banks concentrate on maintaining consumer relationship to reduce obstacles such as global deposit competition, deposits, payment costs, higher customer expectations, lower profit margin and the need to keep the data.

The goal of this research was to study the impact of customer relationship management on customer satisfaction of commercial banks in Mogadishu Somalia. This research is a quantitative research, questionnaires have been distributed online to clients using Google form in 5 commercial banks in Mogadishu Somalia. The study used a five-point Likert scale from one to five to measure the questionnaire items, rating from strongly disagree to strongly agree and SPSS 20 has been used to analyze the data.

Descriptive statistics, factor analysis, reliability test, correlation analysis on the data obtained was made and regression analysis was conducted also hypothesis analysis was made. The result of the study shows that there was a relationship between customer relationship management and customer satisfaction and there is a positive impact of customer relationship management on customer satisfaction. There is no research that has been done to the impact of CRM on customer satisfaction in the banking industry in Mogadishu. The study results can be useful to managers in Mogadishu as well as other parts of the country by adding to the existing body of business management knowledge.

Key words: CRM, Commercial Banks, Banking industry, Customer satisfaction.

ÖZET

CRM, potansiyel müşterileri organize ederek, tatmin edici davranışlarını teşvik ederek ve müşteri merkezli süreçleri tanıtarak üretkenliği, satışları ve müşteri memnuniyetini en üst düzeye çıkaran bir iş tekniğidir. Bankacılık kurumları son derece rekabetçi hale geldiğinde CRM ön plana çıkmıştır. Bankalar, küresel mevduat rekabeti, mevduat, ödeme maliyetleri, yüksek müşteri beklentileri, düşük kar marjı gibi engelleri azaltmak için tüketici ilişkilerini sürdürmeye ve verileri güncel tutmaya odaklanmaktadır.

Bu çalışmanın amacı, Somali'nin başkenti Mogadişu'daki ticari bankaların müşteri ilişkileri yönetiminin müşteri memnuniyeti üzerindeki etkisini araştırmaktır Çalışma nicel bir çalışmadır, Anketler Mogadişu Somali'deki 5 ticari bankadaki müşterilere Google formu kullanılarak çevrimiçi olarak dağıtılmıştır. Anket soruları ölçülürken, kesinlikle katılıyorum ve kesinlikle katılmıyorum şeklinde 5'li Likert tipi ve verileri analiz etmek için SPSS 20 kullanılmıştır.

Elde edilen veriler üzerinde tanımlayıcı istatistikler, faktör analizi, güvenilirlik testi, korelasyon ve hipotez testleri icin regresyon analizleri yapılmıştır. güvenilirlik analizleri yapılmıştır. Çalışmanın sonucunda, müşteri ilişkileri yönetimi ile müşteri memnuniyeti arasında anlamlı bir ilişkisi olduğunu ve müşteri ilişkileri yönetiminin müşteri memnuniyeti üzerinde olumlu bir etkisi olduğunu göstermektedir. Mogadişu'da bankacılık endüstrisinde CRM'nin müşteri memnuniyeti üzerindeki etkisi üzerine hiçbir araştırma yapılmamıştır. Çalışma sonuçları, mevcut işletme yönetimine ek olarak ülkenin diğer böĺgelerine ve Mogadişu'daki yöneticilere faydalı olabilir.

Anahtar kelimeler: CRM, Ticari Bankalar, Bankacılık sektörü, Müşteri memnuniyeti.

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1. Background of the study

Serving and maintaining good relations with the king (customer) is among the major challenges for any company. Customers used to be simple people, and they were satisfied with whatever product or service they were given. The competition and technological innovations made customers fully aware of their rights over a period of time and increased offers are soon expected to become one. Marketing is no longer just about goods being produced, marketed and delivered. It is often more concerned with settling and maintaining long-term relationships to the customers that are mutually rewarding. This growing market environment is typified by increasing competition from the liberalization of economy, a very well-informed, Strong market choice and demanding customers looking to purchase value and quality (Kotler, 2002).

According to Gade,.(2005), Today, banks and other financial institutions face a number of challenges, such as loans, global competition for deposits and underwriting fees; declining profit margins; growing customer demands; and the need to keep up with new technology. The value of customer relationship management has been realized by banks and a number of other financial service providers and it's potential to assist them in acquiring new customers, keeping existing ones and increasing their lifetime value. On the other hand, management of customer relationships often requires strong cooperation between the bank's various areas (such as finance, IT, service and marketing departments, and support). Banks are among the most customer-based part-service sectors, so the most essential part is the services they provide. Changing customer requirements and preferences are the main reasons why the bank serves. For example today, customers don't like waiting long lines and spending too much time in banking. This changes in consumer expectations led the banks to create a new form of supply services such as ATM, phones, and online banking.

It is not possible to ignore the important role that banks play in economic development. Banks are mediators, borrowing money from clients, individuals, organizations and lending money to other clients. Also banks offer foreign and domestic trade investment as customers in different fields. Banks overall have the greatest responsibility to do anything that makes customers feel more secure and convenient.

CRM originated from its roots and is focused on the Relationship Marketing (RM) concepts, which have been accepted as one of the key developmental fields of contemporary marketing and have been of considerable interest to study for many years (Sheth and Parvatiyar, 2000). In the late 1990s, when financial institutions started to become more competitive, CRM came in favor. Focusing on CRM improved the ability of banks to more reliably recognize the current needs of their clients, as well as helping them to understand the habits of their customers, As well as what they've done in the past and what they're expecting to do next.

Such an approach further helped banks to develop strategies focused on increasing customer's needs to suit their customer's demands (Xu, et al. 2002). Crosby (2002) emphasized the value of consumer knowledge for banks, and the responsible usage of these knowledge would build long-term, two-way partnerships with customers. Although long-term clients are less costly to operate and smooth work partnerships are less resource-intensive, these partnerships will offer Banks some benefits. Customer relationship management for banks generally consists of two key activities, Acquisition of customers and growing sales to current clients. The phrase often justifies that; make the right proposal at the right time to the appropriate customer (Hughes, 2010).

Customer relationship management is more innovation than revolution. Therefore, the relationship will be the key priority of growing company to achieve the customer's full potential. A disappointed customer can cause damage to the market as they are more likely to influence other customers to defect. Therefore, it is no wonder that in the business world, CRM is a big topic of debate (F. et. al, 2002). Customers are significant factors for the company's success, but less focus was given to this. On the other hand, several approaches are conducted by private commercial banks to retain customers.

Using customer satisfaction measures such as client loyalty, repeat purchasing and referrals cannot fully measure account holder's satisfaction because customers are forced by conditions to buy one bank services either by the employer or through the accessibility of the banks. Banking facilities are intangible and the expertise, programs, image and transparency of bank workers will only be measured by customers who have experienced with those banks. As Jeong and Lee (2010) have

indicated, customer loyalty reflects a customer's feelings, responses and perceptions with a service provider's offerings. Boone and Kurtz (2013) argue that customer satisfaction is the voice of customers in measuring the amount to which services match or exceed their perceptions.

Many financial-sector business organizations, including commercial banks, have accepted the important role played by customer relationship management in enhancing value of many financial-sector firms today rely on CRM to retain customers and achieve business value. In this study, therefore, the researcher will examine the impact of customer relationship management on customer satisfaction of Mogadishu commercial banks.

1.2 Problem Statement

Most banks offer commercial services as well as retail banking. Commercial banks face strong competition from new players, such as global banks and alternative sources of funding. In addition, they work harder to affirm that customers think appreciated and receive high-quality customer loyalty services. Customer relationship management system provides the structure and methods that banking institutions use to take processes that maximize profits and customer satisfaction that differentiate them from rivals.

With growing competition in trade, rapid technological transition and rising demand for power and product, success will rely on corporations' ability to recognize and react kindly to customer demands and values. The banking sector around the world is becoming more competitive. Therefore, the establishment of a stable long-term customer relationship is an important factor in achieving a competitive advantage in the commercial banking industry (Rahemi, 2012). In many studies (Rosenberg and Czepiel, 2004, and Reichheld and Sasser, 2010) and other studies, it is reported that the cost of having a new client is estimated to be higher than the cost of maintaining a current clients. By establishing a valuable customer relationship increases customer satisfaction, boosts repeat purchases, attracts new customers and the amount of bank deposits and credit transactions will increase.

As banking institutions became more and more competitive, CRM came into power. Banks have now understood their customer's value and this need pushes banks to seek solutions through technology. Banks focus on customer relationship management to reduce challenges such as loans, global deposit competition, underwriting fees, increased consumer demands, lower profit margins with the need to remain up for new technologies (Malik & Harper, 2009). In order to improve the quality and magnitude of their businesses, companies need to design and implement their CRM programs (Soch & Sandhu, 2008).

Similarly, the world financial research (2014) shows banks have experienced rapid changes in customer expectations, a decline in customer satisfaction and a rise in service provider switching. The survey further noted that consumer satisfaction rates are being overwhelmed by nagging operating problems and limited resources resulting in increased pressure on consumer care workers with a detrimental effect on service efficiency. The study further states that the alternate technology network developed to enhance service quality was not successful due to protection and technological problems.

In the banking sector, CRM has been applied to enhance service efficiency and related customer loyalty, increase competitiveness, retention of customers and profitability. While commercial banks implementing CRM initiatives to improve customer satisfaction, customers remain unhappy with banking services based on this topic, a study of CRM System on customer satisfaction of commercial banks in Mogadishu Somalia was needed.

1.3 Research Question

The study was conducted to answer the following fundamental research questions:

1. What are the main customer relationship management components that lead to customer satisfaction in Mogadishu commercial banks?

2. What is the impact of customer relationship management on customer satisfaction?

3. How does the technology and trust affects customer relationship management on customer satisfaction of Mogadishu Somalia's commercial banks?

1.4 Objectives of the Study

1.4.1 General Objective

The general aim of this study was to evaluate the impact of customer relationship management on customer satisfaction of commercial banks in Mogadishu, Somalia

1.4.2 Specific Objectives

1. To determine the main customer relationship management components that lead to customer satisfaction in Mogadishu Somalia's commercial banks.

2. To examine the effect of technology and trust of CRM on customer satisfaction of commercial banks in Mogadishu, Somalia.

3. To examine the relationship between customer relationships management on customer satisfaction of commercial banks in Mogadishu, Somalia.

1.5. Significance of the study

The research on the relationship between CRM and customer satisfaction is very significant as CRM has contributed the rapid growth of a company by identifying the lucrative customer segment, growing the bank's income due to the low cost of customer management (Sharma, 2011). There is no work that has been carried out on the impact of CRM on customer satisfaction in the banking industry in Somalia. This study is important not only for Mogadishu commercial banks but also for other commercial banks elsewhere in the country. It would help them understand their companies' problems and the use of the CRM program, and use it to gain a competitive edge. The study results can be useful to managers in Mogadishu as well as other parts of the country by adding to the existing body of business management knowledge. Researchers would use findings

for further study, while bank managers and professionals would apply lessons in using the CRM program and put more energy into their various banks to improve their performance and success.

1.6 Scope of the Study

In this study, the researcher looked at the impact of CRM on commercial banks based in Mogadishu-Somalia's customer satisfaction. It focuses primarily on five domestic commercial banks in Mogadishu–Somalia, including Salaam Somali Bank, Premier Bank, International Bank of Somalia (IBS), Amal Bank and Dahabshiil Bank.

1.7 Organization of the Study

The study is structured in four parts. The first chapter is the introduction section of the analysis which includes; study background, problem statement, research questions, research objective, study significance, study scope and conceptual framework of the study. The next chapter, chapter two is mainly focus on our independent variable Customer relationship management which contains**:** Theory of CRM, CRM in banking industry, features of good CRM in banking sector, The third chapter discussed our dependent variable which contains**:** Customer satisfaction Theory, Importance of customer satisfaction, customer satisfaction in the banking Industry, Factors influences customer satisfaction, measuring customer satisfaction in the Banking industry, The relationship between employee and customer satisfaction, relationship between CRM and customer satisfaction. The last chapter, chapter four includes research design, research methods, as well as data collection instruments, data analysis techniques, analysis of the study, conclusion and recommendations for further study.

1.8 Conceptual Framework

The conceptual structure is the arrangement of variables provided in the analysis to examine the impacts and the relationship between CRM and customer satisfaction. The study's principal objective is to demonstrate that the independent (CRM) such as component of CRM, technology and trust, can have a major impact on the dependent variable (Customer satisfaction) output of the

company and shows the relation between these variables in the companies. Lastly, independent variables are cause changes to the dependent variables.

The conceptual framework of thıs study ıs as shown ın Fıgure 1.

Independent Varıable

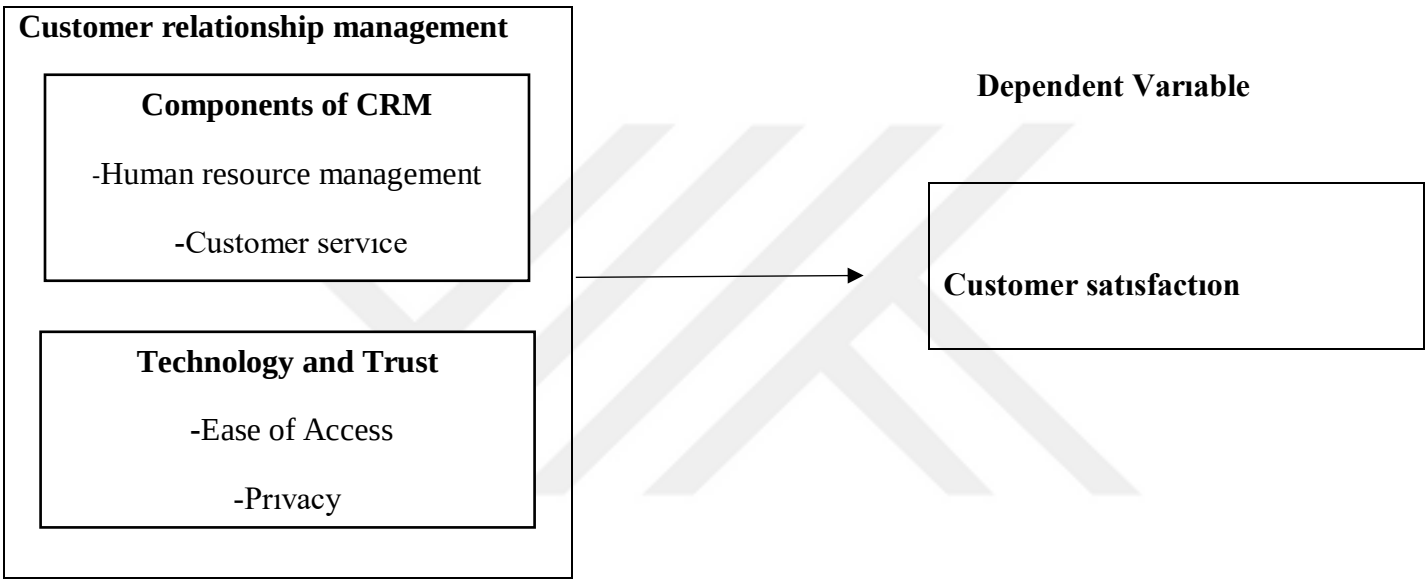


Figure 1. Conceptual framework

1.9 Hypothesis Analysis

1. To determine the main customer relationship management components that lead to customer satisfaction in Mogadishu Somalia's commercial banks.

2. To examine the effect of technology and trust of CRM on customer satisfaction of commercial banks in Mogadishu, Somalia.

3. To examine the relationship between customer relationships management on customer satisfaction of commercial banks in Mogadishu, Somalia.

2. Customer Relationship Management

Customer relationship management is an idea that has been studied broadly and many researchers have described customer relationship management concepts in various ways. For instance, CRM was described as a plan of action that emphasizes value added to shareholders through the establishment of appropriate customer relation (Saxena & Khandelwal 2011). Nguyen and Mutum (2012) argue that CRM involves building and developing sustainable relationships to the companies such as the overall organization and customers, both external and internal stakeholders benefit. It leads to an increase in sales and profits ' lifetime value. Dyché (2002, p.4) says CRM has been set up to provide customers with loyalty by encouraging them to remain loyal, which contributes to the return of product or service purchases.

CRM was brought up around 1997 as a means of reinforcing the relationship between customer and company through computer-based tools. The core concept behind CRM is that with the aid of the new technologies, any customer-business experience can be registered that allows the organization to deliver proactively the best available customer support whilst providing a broad archive of customer needs that can be checked by sales , marketing and management staff. This client details will then be used to reduce expenses and increasing the profitability of staff (Bergeron 2002, p.2).

On the other hand, Parvatiyar and Sheth (2002) claim that CRM is a technique and mechanism for all sides to acquire, attract and work with customers to build outstanding value. It encompasses customer recognition and engagement, differentiation, and product and service configuration. It also focuses on customer satisfaction by changing the architecture, procedures, community, and technology of the company (Peppers, Rogers & Dorf 1999). Thakur, Summey and Balasubramanian (2006) also observe that CRM includes advertising, distribution, products, operations and information technology (IT) components whose main objective is to understand the customer's actions and needs. CRM combines processes, functions, and networks as its market approach that at a benefit give value to clients. It also helps companies attract, fulfill and retain new customers to increase their lifetime value (Buttle, 2004).

Customer relationship management incorporates business planning, knowledge infrastructure, and technologies to offer improved customer experience. CRM uses innovative technology that enables companies to deliver fast and efficient customer service by improving a relationship with each customer through the successful use of customer database information. CRM helps to acquire new customers, maintain existing customers and improve the relationship with current customers (Joachim 2002).

Customer relationship management is building, creating, sustaining and maximizing mutually beneficial long-term relations between organizations and clients. The main goal is to attract, find, and get new customers, maintain and keep those already in the business, bringing former customers back into the fold, and minimize marketing and customer service costs. CRM defines a business strategy across the organization, including customer service departments and other departments (Meroz, 1996; Kotler, 2006).

CRM is one of the techniques that banks typically use in response to market pressure. According to Payne and Frow, (2005) CRM is identified by building productive partnerships with main clients and market groups as a proactive strategy for generating improved shareholder value. CRM integrates IT and marketing partnership approaches to establish effective, long-term relationships with customers and other key stakeholders. CRM provides better incentives for both consumer awareness and the value creation through data and information. This includes a cross functional integration of systems, procedures, personnel and communication resources that are accepted for IT.

2.1 Types of CRM

2.1.1 Operational CRM

At the front office, it supports business processes involving direct customer interaction through any channel of communication such as telephone, fax, e-mail, etc. The details of each customer experience, including their needs, preferences, topics of discussion, etc., are stored in the customer

communication history and can be retrieved by the company's staff as necessary (Source, TechOneStop).

Hence, it provides a single vision of customers across the enterprise and through all contact networks. The automation of sales force (SFA), customer service and support (CSS), automation of enterprise marketing (EMA), etc. are examples of operational CRM applications. Analytical CRM It allows analyzing customer data produced by functional CRM systems, understanding the actions of clients, and deriving the organization's true value. It helps to bring relevant information and ideas to the clients that meet their needs. To improve sales efficiency, quantitative customer relationship management programs use predictive communication techniques such as data mining to gather relevant knowledge such as customer purchasing patterns, target audience, productive and unprofitable customers, etc.

2.1.2 Collaborative CRM

It enables the communication with customers, vendors, and business partners, while enhancing customer service and sales throughout all distribution channels. The major aspect of integrated customer relationship management systems is to increase the quality of the services provided to customers, thereby rising customer loyalty. Examples of integrated CRM applications are Partner Relationship Management (PRM), customer self-service and feedback etc.

2.2 Components of customer relationship management

There are a number of different elements of customer relationship management that are important for a company to run successfully. Each aspect is unique in its own right and unquestionably plays an important part in the process (Taylor, M. 2014).

2.2.1 Salesforce Automation

Salesforce Automation is now the most critical aspect of handling customer interactions. It's one of those elements which the highest business organizations pursue. It includes forecasting,

recording the processing of sales and keeping track of possible interactions. It helps to know better ways of generating revenue, which makes it highly relevant. The components also involve the workforce's review of revenue forecasts and results. Many components work hand in hand to shape integration of salesforce as a consequent entity to ensure an overall change in the production and growth of the industry. Lead management, account management, resource management, predicting, process analysis, communication management, event management, and reporting are some of the key elements of the very same ((Taylor, M. 2014).

2.2.2 Human Resource Management

Human resource management requires the efficient and accurate use of human capital and expertise at the given moment and circumstance. It includes ensuring that the skills and cognitive levels of the workers complement the roles they perform according to their profiles of work. This is an important feature not only for large-scale companies but for medium-sized businesses as well. It includes adopting an effective method for people and analytical abilities or the labor force and the growth generated, thus designing and developing the necessary strategies to achieve progress (Taylor, M. 2014).

2.2.3 Lead Management

Lead management, as the term implies, refers to maintaining track of the leads in both selling and distribution. The sales industries, marketing companies and customer executive centers benefit the most from this CRM component. This requires effective promotional campaigns, layout of custom formats, mailing list finalization and a variety of other components. An extensive study of the buying patterns of customers as well as potential sales leads to an increase in sales by achieving the full number of sales (Taylor, M. 2014).

2.2.4 Customer Service

CRM includes the gathering of customer details and records, their purchasing details and trends, as well as the delivery of collected information to the concerned departments. Hence, customer

service is a key component of CRM. As in almost all major departments like the corporate office, marketing department and management are expected to take steps to develop knowledge and comprehension of customers' expectations as well as issues. That obviously makes the company or corporation providing simple and optimal solutions and support to the customers as well as satisfying their needs, which improves the efficiency and loyalty of the organization's clients and individuals (Taylor, M. 2014).

2.2.5 Marketing

Marketing is one of customer relationship management's most important components and it contributes to the advertising activities of a company promote their products and services. The advertisement may be tailored to a certain group of individuals, as well as from the wider public. Marketing entails the design and execution of marketing plans for the item. Customer relationship management supports the advertisement program by managing and enhancing the efficacy of the strategies employed in marketing and promotion. This is achieved by making observation of prospective customers. It is an element which brings diverse sub-elements or factors with it. Any of the main marketing elements include listings management, program management, event management, record management, call management, mass communication and reporting. The use of the aforementioned elements varies from business to business depending on their nature and requirements and the target crowd as well (Taylor, M. 2014).

2.2.6 Analytics

Analytics is the process by which the data are studied and represented in order To keep an eye on business dynamics. In order to obtain a detailed understanding and knowledge of the trends, it is important to develop graphical views of the data in the type of figures, maps, diagrams and histograms using both current and past data. Analytics is an increasingly critical component of CRM, since it allows a comprehensive analysis of the knowledge needed to assess market performance (Taylor, M. 2014).

2.3Technology and Trust

2.3.1 Technology on CRM

Customer relationship management is a development initiative aimed at optimizing front end processes and building long-term mutually advantageous partnerships with consumers. A business will long reap the comparative benefit of its consumers by establishing mutually advantageous partnerships that raise transition costs and therefore cannot be quickly replicated. Research has also shown that attracting a new customer costs up to five times as much as keeping an existing customer. Not all clients make a strong contribution to the company's productivity in equal measure, and others contribute negatively to the company's bottom line. Cultivating these valuable customers is the company's aim. CRM integrates all the front-end processes of the business in such a way that the customer is treated with a single point of contact and understands it as past customer experiences. Technology developments in recent years have allowed market entities to simplify their processes. It has led to improved revenue through time cycle cost savings and labor costs. CRM systems enable a firm to provide a single point of contact for its customers.

CRM is a wide concept that includes multiple techniques, procedures and technologies that all operate in conjunction to get as near as possible to the customer. To establish a consistent partnership with its clients, the organization will monitor their customers' behavior in - transaction and offer them with whatever they want. Meta Team uses the CRM design structure to evaluate where, from a holistic perspective, the different approaches correspond. CRM process architecture uses 18 Volume IV March 2012 SIBM 19 Volume IV March 2012 SIBM key operating or procedure components control analytical or firm performance systems required to achieve a balanced CRM strategy. (Source: White Paper of the SAS).

2.3.2 Trust on CRM

Obviously, Gummerus et al. (2004) tried to point out the whole lack of trust was one of the main reasons customers did not embrace financial-exchange online services. Researcher stated that the most significant long-term obstacle to the maximum potential of mobile business could be a lack

of trust. Trust is a complex process that needs to be built over time Business-to consumer product economic development is still in its infancy, trust is relatively low. In this brand new market. Nonetheless, different approaches were proposed to help improve online client self-improvement process. Researches have shown that trust in an online world is far more difficult to establish.

Nevertheless, there is still an absence of assessment of the connection between trust, its background and its consequences. It is usually hard to observe trust as a concept, as electronic commerce is a dynamic process, it is often impossible to assess trust in the sense of electronic trade. Trust can be considered as a separate yet possibly concurrent mechanism to reduce the confusion, anxiety and ambiguity of electronic market transactions and relationships. Although customers strongly condemn the exploitation of their details, they cannot do anything to prevent businesses from doing so. Only other option would be not to buy, especially to avoid a lower price online transaction, even though, as opposed to giving information to an unknown website, consumers prefer to let people go. Companies must be aware that if privacy issues aren't addressed openly, customer trust can be weakened or eradicated. So they should make efforts to so they should make efforts to (Zhiwei Sun 2009).

2.4 CRM in banking industry

Customer relationship management, or CRM, includes the tools that financial institutions and other organizations can utilize to provide customer service, generate sales, execute marketing efforts, and evaluate performance data. The importance of customer relationship management client relationships in banks lies in how to build better customer relationships, automate common tasks, increase sales, and facilitate targeting marketing efforts. These incentives essentially allow the banking staff to work more productively, retain customers, and improve the bank's bottom line.
Banks who use CRM also have increased staff efficiency and better profits, all of which benefit the bank's bottom line. Fast access to customer data helps bankers to operate more effectively and provide improved customer service, and banks could also need to hire fewer staff to manage customer accounts (Donohoe, A. 2019).

CRM's lead management and tailored marketing tools saves time and improve the possibility of converting leading and increasing sales and cross-selling offerings into current clients that will benefit more from them. These additional revenues would improve the bank's income from the processing fees, transaction fees, bonuses, and loan interest. Throughout the banking industry, CRM is also important as it will simplify specific marketing practices, make it easy to reach the right possible clients and provide workers access to useful metrics that show how marketing strategies are really working (Donohoe, A. (2019).

❖ The advantages acquired by banks through the adaptation of customer relationship management are: (Alagiz, 2003); (Duygu, 2012).

- To recognize potential long-term clients of the bank and to help the bank establish a premature and productive customer partnership.

- Identifying how the customer-based bank management system can be focused.

- Restructuring and reshaping the bank's marketing campaigns.

- Increase the profitability of the bank.

2.4.1 Types of Customers in Banks

Burnett (2001) mentioned four different categories of banking customers in his book:

- **Loyal Customers:** They perceive the product of the company to be as superior to the product of a competitor.
- **Competitive Customers:** Find the product of the company as slightly superior to the product of a rival.
- **Switchable Customers:** Find a product of a rival to be slightly superior to the product of the client.
- **Competitor Loyal Customers:** Perceive the product of a rival as Much as preferable to the company's product (Burnett, 2001).

Similarly, account holders are typically divided into categories depending on the number of items they buy, as well as their balance of account. Day (2000) identified in his research two distinct types of clients involved in the banks. Customers of banks with weak stock numbers and high deposits have a particular relationship with the banks known as the transactional relationship. A bank's attention is on offering cost-effective services with these customers. Customers holding several goods and high potential balances, on the other hand, May drop into a value-added or cooperative banking arrangement. The researcher also reported that the transactional trading arrangement could be converted into a value-added arrangement if customers took on employers' recommendations for additional items such as retirement or higher savings accounts for the automatic transfer of funds to raise profit. From the viewpoint of the client, the balance is value-added as the amount of goods and services purchased by the customer increases and the earned payments for the client often increase.

Many financial institutions deal generally with any of these two types of customers. Most often such customers view the bank through their branch or contact center (also referred to as the point of contact for customers). Employees of a branch and call center should be responsible for handling these customer relationships, and be aware of both bank services and customer information data.

2.5 The Importance of CRM in Banking

Nowadays, banks and other financial firms face several challenges, including increasing rivalry for loans, deposits even underwriting fees; growing demands from customers; declining profit margins; and the need to keep pace with emerging technologies (Gade, 2005). According to Onut et al. (2006), the importance of customer relationship management has been accepted by banks and many other financial service providers and its ability to support them attain new customers, maintain current ones and increase their lifetime value. Banks also noticed that CRM is the best way to help them sustain a long-term partnership with their customers. Maintaining customer relationships, on the other hand, often needs good cooperation between the various departments of the bank (such as: IT, finance, customer support services and marketing).

Banks not involved in handling customer relationships and the interests of consumers are likely to lose them in the long run. Customer care should therefore be one of the bank's main objectives. Constant effort is needed to provide the impression of the customer that he / she has a special place in the bank. In order to develop a positive attitude towards customers, Bank must constantly provide employee training. In order to establish good communication between employees and between employees and customers, Bank must develop a long-term and comprehensive process management.

2.6 Features of good CRM in the banking industry

Customer relationship management is a strategy that a company tailors to efficiently handle and motivate its customers and suppliers to achieve market excellence. It relates primarily to the following characteristics (Prachi Juneja 2015):-

✓ **Needs of the customers-** a company shouldn't ever presume what a customer actually desires. It is therefore extremely important to ask a customer about all the likes and dislikes, so the actual needs can be described and prioritized. It's impossible to effectively serve the customer and maintain a long-term deal without modifying the exact requirements.

✓ **Customers Reaction-** Customer reaction is the organization's response to the customer's requests and practices. It is very important to deal smartly with these queries, since small misconceptions could express unalike perceptions. Progress depends entirely on the comprehension and analysis of these questions, and therefore figure out the right answer for them. In this scenario, whether the manufacturer fails to show a professional and emotional interaction with him to attract the customer by answering his concerns appropriately.

✓ **Customer Satisfaction-** Customer satisfaction is a significant exponent of success and a fundamental differentiator in company approaches in today's dynamic industry marketplace. Therefore, the higher is consumer satisfaction; the stronger of the company and consumer bonding.

✓ **Customer Loyalty-** Purchaser quality in the context of the buyer to stay in contact with one supplier and to buy the products on a daily basis. This is usually done when a client is really satisfied with the vendor and re-visits the business transaction firm or when the customer wants to purchase over time a similar commodity or brand again. The most critical thing an organization should focus on is customer service to keep customer loyalty running.

✓ **Customer Retention-** Customer retention is a tactical method designed to maintain or retain existing customers yet not allowing them to converge or migrate to other distributors or companies for business. Normally a satisfied customer tends to adhere to a specific company or brand to the extent that its basic needs are still adequately met. He does not want to take a chance of looking for a new item. More is the chance of customer retention, the higher is the probability of net business expansion (Prachi Juneja 2015).

✓ **Customer Complaints-** Distributors also have a difficulty with struggling to customer concerns. In general, making a report implies the act of dissatisfaction of the client. A customer can have several reasons for lodging a complaint. There could also be a clear explanation why and how the customer is dissatisfied because often complaints are raised as a consequence of some form of confusion in assessing and defining the conditions of the supplier's contract for some good or service (Prachi Juneja 2015).

✓ **Customer Service-** In a company customer service is the way of obtaining information and support for all products and brands. Customer loyalty relies on the level of service offered by the Manufacturer. The company must not only clearly explain the specifics of the products to be awarded to the customer, but must also accomplish the conditions. Whether the price and service trend goes above the client's expectations, the company will have a strong customer sector (Prachi Juneja 2015.

3. Customer satisfaction

Any company organization's performance relies on customer satisfaction. Customers always arrive "first" as a firm is about to launch, and then the revenue. Those businesses who manage to please the customers absolutely would stay at the top spot in a sector. Today's business firm has identified that satisfaction is an essential component of business success, while playing a key role in increasing market value. People are typically the people who purchase goods from customers or companies that suit their needs and desires. People purchase goods to satisfy their need for money. Therefore, companies must determine their price with the nature of the product which satisfies customers and maintains long-term relationships (K. Khadka & S.Maharjan 2017).

Customer satisfaction became one of the best instruments for a successful business. Customer satisfaction is defined as an aggregate judgment focused on the general experience of selling and using the product or service across time (Fornell, Johnson, Anderson, Cha & Bryant 1996). Accordingly, actionable insight into how customers may be drawn further is a crucial finding (Oliver 1999).

As well as client acquisition and commodity repurchase, customer satisfaction is at a glance a critical aspect of a corporate strategy. After completion businesses can market concepts and approaches with all the requisite documentation to boost customer service. Customers may purchase a vehicle, for example , by having a better look at it, like how the motor works, what the type works, how many kilometers it has traveled, and whether there are cracks or not. Then they will not feel frustrated after buying it. Alternatively, if the business uses just their way of sale and construction, buyers would assume the automobile to be exactly much like what they see in the pictures or at the show, and then on the product, if something is different. Customer ultimately improves which measures customer future behaviors (Hill, Roche & Allen 2007).

Customer satisfaction is a common term in other fields, such as marketing, Finance, customer science and health economics. The different conceptions of satisfaction authors describe that satisfaction is a feeling that arises from the assessment of what was achieved against what was expected, as well as the decision to buy to meet a need (Armstrong & Kotler, 1996; Bitner &

Zeithaml, 2003; Boselie et al, 2002 According to Sureshchandar et al. (2002), satisfaction is mostly derived from one encounter sensations when using a product and doing a service. Customer satisfaction is also explained as the extent of awesome experience or delight the customer has felt as a result of the ability of the service to fulfill the order, hopes and desires of opportunities (Hellier et al , 2003) The ultimate pleasing reaction is customer satisfaction (Oliver , 1997).

In general, customer satisfaction is defined as the total accomplishment of purchase expectations. Customer satisfaction is the thought or mindset of a customer towards after use of a product or service. Customer satisfaction is a significant product of commercial intervention and acts as a link between the different levels of customer purchasing behavior. Customer satisfaction is commonly regarded as a central factor in the potential purchasing decision for the customer. Documented marketing-related customer satisfaction research is huge, though less so on customer satisfaction compared with the banking industry.

The heart of the feedback procedure is to equate what was expected with the results of the product or service this method has historically been defined as the process of confirmation/disconfirmation. First, customers will shape the expectations before buying a goods or service. The second product or service consumption or perception creates a perceived quality level that is influenced by expectations. Customer satisfaction is affected by the basic attributes of the goods or services and the expectations of price. Loyalty is often influenced by consumers' subjective reactions, their assumptions being their view of equity (Zeithal & Bitner. 2003, 87-89). Good customer service can have market advantages such as customer engagement, extending the sales cycle of a company expanding the sales of customer purchasing and growing good mouth contact with customers. If the customer is pleased with the product or services offered by the business, the client may be willing to make repeat transactions and suggest goods or services to future clients. A company

enterprise cannot grow if the corporation ignores consumer needs or disregards them (Tao 2014).

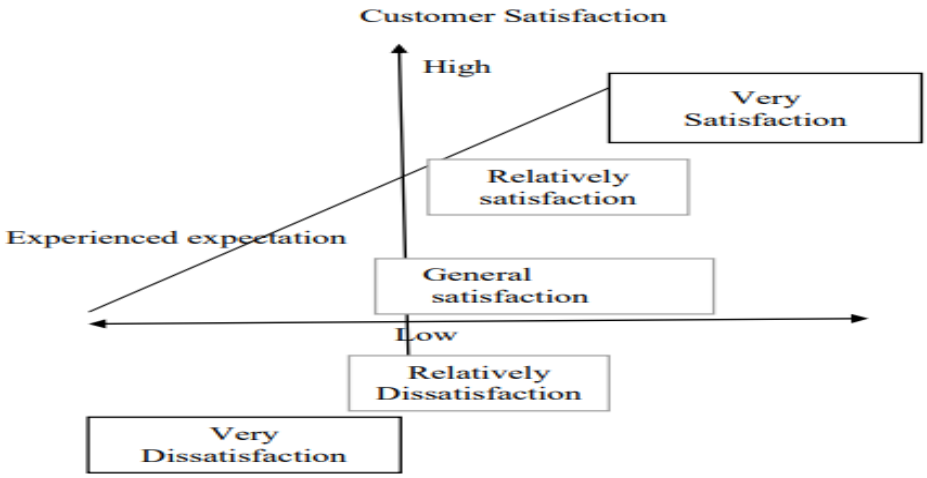


Figure 2. Analytical model for customer satisfaction (modified from Tao 2014)

Customer relationship management's triangle law describes: Customer satisfaction = level of customer satisfaction. In the figure given, customer satisfaction may be viewed for being negatively linked to customer needs. The statistics distinguish specifically between the customer experiences and consumer perceptions. It is thus split into five stages (extremely dissatisfied, fairly miserable, total happiness, moderately pleased and quite pleased). When the company meets the appropriate flats with client standards, customer loyalty can increase. The worst customer experience on the contrary gives lower customer satisfaction compared to expectations, there are two ways to achieve customer service at the business. First product improvement is to improve customer service and second attempt to successfully handle customer perceptions by increasing the standard needed. However, the first strategy is applicable used for the company and we have achieved great success. In the future, companies will need to make modifications to the continuous improvement (Tao 2014).

3.1 Customer Loyalty

Loyalty customers are contractual arrangements that encourage customers to leave the business anytime they choose. Emotional and economic reasons for customers must be taken into account. Customer satisfaction is much more essential also in emotional reasons must be given the highest priority, Because clients will only stay loyal under the current product conditions if they are so

pleased with the product they do not wish to change it. A restricted is the case where clients have no legitimate or constitutional chance to transform their provider, or when this can be done only with extreme difficulty or expense. They are unintentionally linked to a company, e.g. in oligarchic international conflicts or monopolistic, but could also come about via contracts or connectivity standards. It can be applied to people from many countries around the world to the idea of having a lot of competition in the form of political recognition or in markets controlled by one big player. (The 1998 Bliemel, 37-44.).

Thomas and Tobe (2013) argue that "loyalty is more important." Spending on attracting a new customer is much greater than existing customer retention. Loyal clients will inspire others to purchase goods from you because they think more than multiple times about other companies again once they change their opinions. Customer loyalty is not gained by an accident, it's created by procurement and design decisions. Customer loyalty project needs customer-centric strategies which understand the desire and interest of the service recipient. Over time, customer loyalty is based on multiple purchases.



Figure 3. Customer loyalty model (Modified from the loyalty model 2012)

Figure 2 shows how much customer loyalty is a process like any other. According to the model, the customer loyalty forces that influenced customer satisfaction, such as understanding the customer wants, wishes. The company must pay attention to price, advertisement, service, and products to achieve customer loyalty. At the same time, creating the environment of comfort between customer and business is crucial. Investing in existing customers offers business benefits such as improving productivity and income from sales.

3.2 Customer retention

Customer retention definitions have been interpreted in various ways, which mostly clarify the full breadth of the subject area, generating income to the study of the underlying of the field as whole. In Peelen's view (2005, 162-163), described customer retention as: "In a marketing sense, customer retention means retention on to customers. If a company is conscious of such customers who are more likely to terminate the relationship in time, then steps can be taken to prevent that. Customer retention is an operation framework focused on the customer's positive positioning and the consequent preparation for subsequent acquisitions to enhance the information exchange.

Retention approaches work well when the company's retention level is high, as even a small 5 percent rise in retention will boost the company's productivity to over 85 percent. Retention strategies are not really competitive due to higher sales from existing customers but also leads to bad long-term customer care costs. The two possibilities can be distinguished from the customer's point of view with respect to customer service, loyalty and limitation (Bliemel 1998, 37-44).

Customer satisfaction resulting in retention and loyalty increases productivity primarily by reducing the cost of acquiring new customers (Reichheld, 1996). Nevertheless, there is a disparity between current and merely retained customers. Concept of customer instability means that certain clients are kept only, rather than being loyal. Customer inertia definition means that some customers are kept only, rather than showing loyalty.

3.3 Customer service

Customer service is a key component of customer relationship management. Companies know just the advantages and weaknesses that result from the offered customer service. According to Turban et al (2002), it is a collection of activities aimed at increasing the level of customer satisfaction- that is, the feeling that a service is delivered the customer expectations. Customer service may be provided by an individual (e.g. sales representative and service representative) or by an automated means called self-service. Today's customer service goes far beyond the conventional supplier of telephone support. It's available via email, Internet, SMS, and social media. Self-service assistance

is also offered by many businesses, and customers can find their own answers at any time day or night. More than just providing answers, customer support is an important part of the commitment the company makes to its customers.

3.4 Importance of customer satisfaction

This research has also shown that customer satisfaction is extremely important as it is the place to get input from customers they'll use it to manage and improve their company. Customer satisfaction is the best predictor of how the business will function in the future. It will also help make the right decision to use the correct resources when the goods are being made. It also strengthens the relationship with current customers and also offers a chance to attract others. (Research by the SSRS 2016).

If customers buy goods, they expect perfection than amounts. There are hundreds of similar goods on the market and it's often difficult to determine which one is qualitative and sustainable. It is a perfect opportunity for corporate companies to publicize their goods and services and recognize exactly what consumers are looking for. Customer satisfaction is a critical company indicator which determines the effectiveness of the company. People have a variety of tastes and options and satisfaction often differs from person to person. It can also vary the expectations of customers depending on their choice, such as the domestic and international markets (Kotler & Keller 2006).

Customer satisfaction is the basis of maintaining existing customers to any company (Khan, 2002). He assumed that satisfied customers are likely to have a positive relationship with the company. Organizations therefore need to make sure that all activities contribute to satisfaction of their customers. This will create a way for clients to see the potential for improving their loyalty to the company, becoming aware of the organization's ongoing purchase and repurchase of the goods.

3.5 Customer Satisfaction in Banking Industry

Commercial Banking is a service industry management which relies on customer’s money. The comfortable fill factor associated with the characteristics of a bank and its employees is a major

component that strongly drives customer satisfaction in the banking sector. Rust and Zahorik (1993), Krishnan et al (1999) conducted various studies and suggested that the primary driver of customer satisfaction was satisfaction with the perceived quality of product.

Banking is one of the many industries where customer satisfaction has become increasingly important. This is partly due to the increasing profitability of the banking sector (McDougall & Levesque, 1996). Marketing strategy therefore relies on understanding how customers make choices and their possible reactions to the various marketing mix elements. The happiness of both customers and banks is a great importance. Banks are making frank attempts to offer high quality goods and services to their clients. Customers simply expect the highest value for their money and make little effort in choosing the right goods and services (Strategic Direction, 2007). Companies can take some time to capture or convince them to turn to them until customers are satisfied and have a good impression or feeling for a specific business.

Customer satisfaction is defined in the current study, the study used an updated version of the hierarchical metric of customer satisfaction developed by Mihelis et al. (1998) as an aggregate measurement of customer loyalty following a service encounter with a commercial bank. These are good interaction with bank staff, affinity for banks' goods and services and the bank's profile.

3.6 Factors influence customer satisfaction

Customer behavior refers to choosing, purchasing and using goods and services to satisfy their personal and basic needs. The customer first determines the needs and then goes to the product collection and budgets and chooses to buy. Product quality, cultural factors, personal factors, social factors, Psychological factors are some of the factors influencing customer satisfaction.

- **Product Quality:** Quality is a complex concept which has many facets. Product consistency in the broadest sense is a company's ability to reach or surpass the standards of its consumers (Waters & Waters, 2008). The most popular organizational definition stands for quality is the understanding of product and service performance by the customer. Performance is the secret to the effectiveness and sustainability of an organization in

today's competitive climate. Intense global competition has underscored the growing importance of quality. High performance no longer distinguishes competitors; rather, it validates a company's suitability to compete (Giffi et al., 1990).

- **Cultural factors**: Culture is important for the understanding of the interests and actions of a person. The values, perceptions, behaviors and expectations are the factors that were eventually learned or in the very initial point of puberty from the individuals and the traditional cultural practices. Norms and values are transmitted through generation from one adult to the next. Cultural factors are the principles and expectations that have been acquired to describe client's behaviors. Customers are first inspired by the groups to which they belong but also from the organizations to which they wish to belong (aspirational groups).

- **Social factors**: Human beings live in an area surrounded by people who have particular buying behavior. Small groups like families, friends, social networks, and community often affect an individual's behavior and have specific purchasing behaviors. Such groups form an environment in which individuality grows and forms. The social element therefore strongly influences an individual's purchasing behavior.

- **Personal factors**: The consumer purchase behaviour is a significant degree informed by the qualities it possesses. Such attributes include his age and life-cycle, career, economic status, lifestyle, temperament and sense of self, (Kotler et al 1999). Kotler et al (1999) argue that aging is associated with the purchasing activity of a consumer.

- **Psychological factor:** Such considerations include inspiration, awareness, thinking and attitudes. Motivation is the driving force which pushes an individual to seek gratification (Kotler et al, 1999). Wilson et al (1992) explained the difference between two kinds of needs that drive a person to achieve fulfillment. Biogenic uses such as appetite, thirst and pain are physiological. Even psychogenic needs require social appreciation, respect and belonging. The customer creates expectations through the experiences that will influence the purchasing behavior for the customer's benefit.

3.7 Measuring Customer Satisfaction in the Banking Industry

Measurement of customer satisfaction has developed within the Total Quality Management (TQM) area, though it has been discussed by several researchers and scholars from many other science fields (e.g. marketing). This appears in the huge fundamental awards, demonstrating the use of data on customer satisfaction within a company. The increasing trend in customer satisfaction is now strongly linked to the wave towards consistency that started in the early 1980s. The TQM studies determined that the quality improvement of services and products can not only rely on the employment activities' internal metrics and standards, but would also have to be combined with client's information and feedback. (Grigoroudis & Siskos 2010).

Measuring customer satisfaction is a crucial market success measure and is also a component of the structured scorecard. The primary goal in measuring customer satisfaction would be to create a prompt judgment to continually enhance company transactions. Assessing customer satisfaction is essential to assess a new customer's appeal as a method to expand upon established relationships. Equally important for maintaining the current customer base is the assessment of customer satisfaction. Therefore, an important result, therefore, is actionable insight on how to make client happier. Unless the company focuses on improving in the right area, it wouldn't be able to sustain the level of competitiveness of the business in a sector. Taking into consideration the desires of the client is to meet the customer and the expectations of the customer, what matters to the business is a calculation of customer satisfaction. (Hill, Roche and Allen 2007).

Banking activities became more and more consumer focused. The banking super-malls market providing another-stop integrated financial services is already well on rapid increase. The willingness of banks to offer clients exposure to several markets for various types of financial products has been a significant competitive advantage. Mutual insurance and other cross sell and strategic alliances would quickly shift the industry structure of banks and intensify the turnaround process in order to extend the scope of company and sales. Focusing on the food, educational, and utility sectors offers a variety of investment linkages. In short, the country's economy is a growing pie that offers vast scale economies that can only tap big banks.

3.8 Relationship between Employee and Customer Satisfaction

It's not a new insight that can have an important impact on customer satisfaction from happy workers. Satisfied inspired and dedicated workers understand the role they need to play in providing consistently good customer interactions. They develop and maintain good customer relationships that improve customer satisfaction, increase customer retention and increase customer loyalty (Ryan , Schmit & Johnson 1994).

Satisfied workers are helping to generate customers happy. Happier workers are likely to assist customers with a more positive disposition and a higher level of customer satisfaction. This provides a more enjoyable customer service, increases client satisfaction and eventually results in improved productivity. By contrast, low employee satisfaction and overall weak organizational performance may have a huge negative effect on company processes, creating unsatisfied clients and damaging profitability.

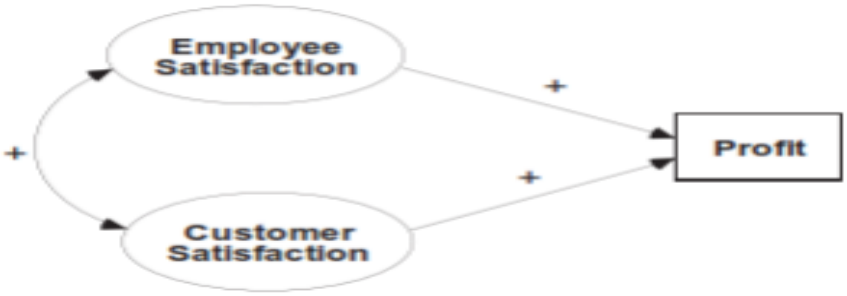


Figure 4. Relationship between Employee and Customer Satisfaction Adapted (Journal of Asian Scientific Research)

Companies that lead their industries in employee satisfaction are typically those that also have the highest customer satisfaction rates (Huselid, 1995). We recognize that keeping the customer happy starts by ensuring that workers are fulfilled, inspired, encouraged and committed, and we realize that evaluating employee satisfaction is in fact another way to measure the quality of service.

A growing array of companies put workers and clients at the company's forefront. Many enterprises understand that happier workers are more likely to stretch mile to satisfy a customer.

If your staff are valued and supported, they will be more polite and eager to support each customer and ensuring each customer interaction is handled in compliance with the high expectations of the business.

3.9 The relationship between Customer Relationship Management and Customer Satisfaction

Training in customer relationship management can have an effect on customer satisfaction in three main ways. First, CRM helps companies tailor their products to suit every customer. Customer satisfaction is accomplished by tailoring the products or services to the customer's preference. CRM affects customer satisfaction as a result of perceived operation or merchandise efficiency. Second, CRM activities and allow businesses to increase flexibility in fulfilling customer demands on time and in handling customer data. Thirdly, CRM activities often and enable businesses to handle the three key phases of customer interactions efficiently (start, proceed and exit) (Swift, 2001; Mithas et al, 2005; Parvatiyar et al, 2001; Kincard, 2003; Reinartz et al, 2004; Anderson et al, 1994; Crosby et al. 1990).

Fornell et al. (1996) says product production can gain greater customer satisfaction compared to service firms. So good customer relationship management is crucial for customer. Additionally, Khedkar (2015) reports that CRM meets the heads of various customer groups and organizations to operate business efficiently. CRM system can produce efficiency, increase profit and ultimately satisfy customer desires. CRM brings the best possible customer satisfaction. Controlling the results of CRM effectively would force customers to be optimistic witnesses about the product. IT service integrates CRM processes to satisfy customer requirements. Changes in the relationship formed via CRM over time, however, can affect customer satisfaction. As a consequence, the information gathered from the different experiences with the organization may have a positive or negative impact on customer satisfaction levels (Mazursky & Geva 1989; Mittal et al. 1999).

4. Data Collection Methods and Analysis

This chapter addresses the methods used in this study. These include aspects such as the research design, target population, sample size, sampling procedure, research instrument, data collection, and ethical considerations. Also the methods that are used to conduct the primary research for data analyzing are discussed in this chapter. Finally finding of the study, conclusion and recommendations also expressed in this chapter.

4.1 Research Design

Descriptive research is used to describe the data through SPSS to analyze data. Descriptive statistics enables you to numerically define the variables (Saunders, 2009). Descriptive statistics should be used as the data the research team aims to collect the categorical frequency of respondent's representation of views, expectations and attitudes on the impact of CRM on the customer satisfaction of commercial banks through collecting numerical data via a questionnaire so the descriptive statistics allow you to explain numerically. This study examines the impact of CRM on customer satisfaction of commercial banks in Mogadishu. The research design of this study is quantitative approach.

4.1.1 Research Population

The survey is made up of 115 customers who use the five major private commercial banks in Mogadishu Somalia. The study gathered data from 115 user of commercial bank accounts, 103 were found appropriate for further studies. This showed an 84% average response rate. According to Rogelburg and Stanton (2007), for organizational-level studies and for individual-level studies utilizing survey architecture, a response rate of 35 per cent-40 percent is acceptable. The response rate for this study was sufficient on the basis of those parameters.

Non-probability sampling is used to provide a representative sub-set of the population. This is done because it is the best approach according to Saunders (2000) the data can often not be

analyzed statistically. The author should choose the initial contact as someone who would actually have knowledge of the field, this is called snowball sampling.

4.1.2 Research Instrument

In data collection the researcher will use questionnaire. The main aim of the questionnaire is to collect more information in a shorter period. And if the population is more and the time is short, it is reasonable. (Devaus 2005) described questionnaire as a data collection technique in which each person is expected to answer certain questions in a specified sequence. In this study, the research data will be collect through distributing questionnaire, and we will use CRM scale that adapted Sin. Et al (2005) (on page 63, R. Mwirigi (2018), CRM Kenya) and also we will take customer satisfaction scale that adapted Mihelis et al 1998, (on page 63, R. Mwirigi (2018), CRM Kenya). The questionnaire will distribute to some clients of the commercial banks in Mogadishu. So this tool will guide by the study objective in available time and the nature of the data.

4.1.3 Data Gathering Procedure

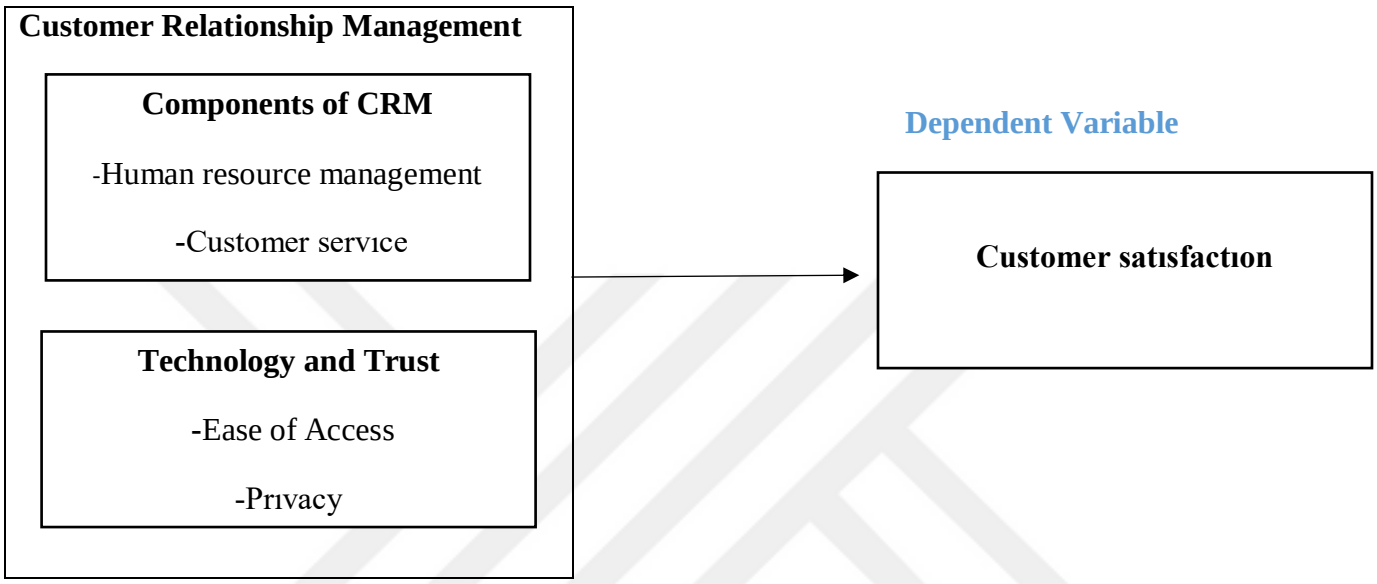
This research is a quantitative research and was used a survey questionnaire in order to evaluate the framework concept. The questionnaires were collected from customers of five commercial banks in Mogadishu Somalia using the Google form online. The study was used a five-point Likert scale of one to five, evaluating the questionnaire items, ranking from strongly disagree to strongly agree.

The period time of this study is cross-section, and the SPSS 20 was used to analyze the data. As the explanatory research method for this study is being modified, the primary data is being gathered for this study. A survey is conducted for this analysis by distributing questionnaires. The main factor why this analysis uses the primary data collection method is that secondary data would not be suitable for answering the research question through the survey. (Saunders et al., 2007).

4.1.4 Hypothesis

Research Model of the study

Independent Variable



The figure above represents the conceptual framework for this study. Four main hypothesis (H1:H3 :) were used:

H1: There is a positive impact of CRM on customer satisfaction of commercial banks in Mogadishu Somalia.

H2: CRM components have a significant impact on customer satisfaction of commercial banks in Mogadishu Somalia.

H3: Customer satisfaction is expected to have a significant impact on technology and trust of CRM in Commercial banks of Mogadishu Somalia.

4.1.5 Ethical Consideration of the Study

All information obtained was handled confidentially without the identity of the respondent being identified. In addition, no information has been changed or modified, and thus the information has been presented as collected and all the literature collected for the purpose of this analysis has been

included in the reference list. In order to ensure the confidentiality of the respondents' information they would not be asked to write their name and ensure that their comments have be en handled to strict confidentiality.

- The goal of the study was stated in the introductory part of the questionnaire. In fact, the researcher sought to avoid inaccurate or ambiguous claims in the questionnaire. Finally, the questionnaire were provided to voluntary participants only.

4.2 Data Analysis

All data obtained and analyzed through the use of IBM SPSS 20. Reliability on the collected data was made on a first scale. Descriptive statistics was performed over the data, Followed by a factor analysis, correlation analysis, regression analysis and hypothesis analysis was carried out. Finally, after all the main research was carried out, review of outcomes of the study was made.

4.2.1 Descriptive analysis

Demographic profile

Variable	Frequency	Percentage
Gender		
Male	71	69
Female	32	31
Total	**103**	**100**
Marital Status		
Single	68	66
Married	35	34
Total	**103**	**100**
Age		
18-26	58	56
27-35	21	20.4
36-44	9.5	9.3
45-53	7	6.8
54-62	5	4.9
Over 63	2	1.9
Total	**103**	**100**
Education Level		
Primary Level	1	1
High Level	9	8.7

Bachelor	51	49.5
Master	37	35.9
PhD	5	4.9
Total	**103**	**100**
Income		
Under 1,000	64	62.1
1,000-10,000	24	23.3
10,000-50,000	11	10.7
50,000-100,00	4	3.9
Total	**103**	**100**
Which bank do you use?		
Salaam bank	35	34
Premier bank	32	31.1
IBS bank	12	11.7
Amal bank	14	13.6
Dahabshiil bank	10	9.7
Total	**103**	**100**

Table 1. Demographic analysis

Table 1 shows that the gender was the first demographic variable in which the respondents were asked to classify themselves as either male or female, out of 103, 71, or 69% were males compared to 31 females, or 32% this indicates a male domination of the study, but it is understandable since the survey was targeting the literate Somali population, and there are cultural issues in the country that allow males to outnumbers females in the schools.

Table 1 shows that the marital status of our respondents 66% were single and 34% were married. Also table one exemplifies the percentages and frequencies age distribution of these research respondents. In this research the age group is categorized into six groups. The biggest group of respondents falls into the 18-26 year old age group. It accounts for 56 per cent of this research's total sample. Second, respondents aged 27-35 account for 20.4 per cent of the overall survey. Third, the respondents were aged 36-44 years old and it makes up 9.3 per cent of the total sample. Fourth, respondents aged 45-53, accounted for 6.8 per cent of the overall survey. Fifth, the respondents aged 54-62 years old, so that reflects the sample's average of 4.9 per cent. Finally, respondents aged 63 years and over represent only 1.9% of the total sample.

The educational level of the respondents looks like what is shown in above table. As it can be seen from the table 49.5% of the respondents hold Bachelor degree. 55.5 % of them are Master holders. 29.6 % of them are secondary school and 14.6 % of them are primary school the rest 7.8% have got their postgraduate and others.

Table 1 shows that the income point of the highest classes of respondents is below $1,000. It represents 62.1 per cent of this research's total sample. Second, respondents with a monthly salary of USD 1,000-10,000 account for 23.3 per cent of the overall survey. Respondents with a monthly income of 10,000-50,000 represent 10.7% respectively and respondents with a monthly income over 50,000-100,000 USD represent 3.9% of the overall survey.

The last part of the table 1 shows that the most respondents were Salaam bank customers 34%. 31.1% respondents were Premier bank clients And 11.7% percentage of respondents were IBS bank users. 13.6% respondents were International bank of Somalia (IBS) customers and 9.7% respondents were Dahabshiil bank account holders.

4.2.2 Factor analysis

Total Variance Explained

No	Components	Total Variance Of Variables
1	Components of CRM	**58.445**
2	Technology and trust	**53.805**
3	Customer satisfaction	**60.774**

Table 2. Total Variance Explained

It can be shown from the table above that the three components in the table are qualified for a rating greater than +1. (Brown, and others, 2010). The percentage of variation for the CRM portion in the Initial Eigenvalue is 58.445, technology and trust is 53.805 and customer satisfaction is 60.774. As the scale is more unidimensional, it can be estimated and indicated that the component matrix can be used to identify and analyze the factors.

Sample Adequacy

The table below displays the Kaiser-Meyer - Olkin Sample Adequacy Measure, which is considered a method to assess sample appropriateness.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy of Components of CRM.	**.721**
Kaiser-Meyer-Olkin Measure of Sampling Adequacy Technolgy and Trust of	**.837**
Kaiser-Meyer-Olkin Measure of Sampling Adequacy of Customer Satisfaction	**.744**

Table 3. KMO

According to Anastasiadou (2011), values below 0.50 are considered to be inappropriate, 0.50 values are considered to be bad, 0.60 values are considered as middling, so the value of KMO of Sampling Adequacy of the three variables of this study were found. first component of CRM is 0.721, technology and trust is 0.744 and customer satisfaction is 0.837 which suggests that that factor analysis of this research is reliable and great, since the smallest KMO is greater than 0.50.

Component of Matrix

Questions	Component one Components of CRM	Component Two Technology and Trust	Component Three Customer Satisfaction
ComCRM 2	0.678		
ComCRM 5	0.668		
ComCRM 3	0.632		
ComCRM 1	0.622		
ComCRM 6	0.578		
ComCRM 9	0.55		
ComCRM 7	0.519		
TTrust 3		0.719	
TTrust 9		0.701	
TTrust 4		0.682	
TTrust 5		0.635	
TTrust 10		0.628	
TTrust 6		0.621	
TTrust 1		0.561	
TTrust 2		0.506	
CSatisfation 12			0.674
CSatisfation 15			0.664
CSatisfation 4			0.655
CSatisfation 13			0.643
CSatisfation 9			0.641
CSatisfation 14			0.635

CSatisfation 2			0.630
CSatisfation 8			0.620
CSatisfation 6			0.604
CSatisfation 11			0.602
CSatisfation 10			0.585
CSatisfation 5			0.584
CSatisfation 7			0.547
CSatisfation 1			0.514

Table 4. Component matrix

Table 4 shows the component matrix chart of all variables, the independent CRM variable consists of two sub-variables and the dependent customer satisfaction variable stands alone. It can be seen that the percentage of Average rating and the percentage of deviation for contingent variable customer satisfaction is greater than 0.40 depending on the two parameters of independent CRM variables for both of these variables. We had five variables that are below 0.40 so we left them.

4.2.3 Reliability Analyses

Alpha reliability is considered to be a measure of the internal reliability of the mean of this items at the time the questionnaire was conducted. Cronbach's alpha is a reliability coefficient that shows how well the objects in the data collection are positively connected each other. It is determined on the basis of the average inter-relationships between the elements that measure the concept.

Reliability study shall be measured in such a way as to reflect the reliability of the items, not the reliability of any particular item. This coefficient will hold a value of 0 to 1, so 0.7 and above result indicates an acceptable standard of international reliability. The result of reliability test for the questionnaire is shown in the following table.

Variables	Items	Cronbach's Alpha
Components of customer relationship management	9	0.765
Technology and trust	10	0.796
Customer satisfaction	15	0.874

Table 5. Reliability analysis

We performed a reliability study with two variables in customer relationship management components and we removed to improve our Cronbach alpha. Therefore, all variables were internally consistent and accurate, as such variables considered ready for further analysis

- **Independent Variables**

Independent variables of this study is to calculate the impact of customer relationship management on consumer satisfaction, as customer relationship management is divided into 2 sub variables "CRM components", "Technology and Trust". So the impact of Customer Relationship Management on Customer Satisfaction of Commercial banks in Mogadishu Somalia will be calculated by these independent variables. The Likert scale system was used to test all items.

Components of CRM (Independent Variable)

Variable includes the amount of items used to calculate the impact of CRM in customer satisfaction of commercial banks and nine items were asked. These nine (9) questions comes from the two main elements of CRM: customer care and HRM. The Cronbach's Alpha is 0.764, and it's indicating high reliability.

Technology and Trust (Independent Variable)

Technology and trust variable comprises ten (10) element scales were used. These items focus on privacy and ease of access as well. The Cronbach's Alpha is 0.796 for this variable which indicates high reliability in the scale of this item.

- **Dependent Variable**

Customer Satisfaction: - This study's dependent variable is actually one (1) item scale with Five Likert Scale option, which addresses several customer relationship aspects. This study's dependent variable consists of (15) items on the bank's Services and Bank customer satisfaction with their banking experience. Cronbach's Alpha is 0.874, so it shows high reliability in the scale of this object.

4.2.4 Correlation Analysis

		Components Of CRM	Technogy&Trust	Customer Satisfaction
Components Of CRM	Pearson Correlation	1	.688**	.694**
	Sig. (2-tailed)		.000	.000
	N	102	99	93
Technology And Trust	Pearson Correlation	.688**	1	.631**
	Sig. (2-tailed)	.000		.000
	N	99	99	92
Customer Satisfaction	Pearson Correlation	.694**	.631**	1
	Sig. (2-tailed)	.000	.000	
	N	93	92	94

Table 1. Correlation analysis.

From the results shown in the table above, each variable is perfectly associated with a strong Coefficient value. The association between all independent variables and the dependent variable has been shown positive and important, which means that the increase in some or more of the independent variables results is an improvement of customer satisfaction. There is a very strong and positive correlation between customer relationship management and customer satisfaction. Components of CRM (r=0.694), Technology and trust (r=0.631) are the correlation coefficients or Pearson's (r). This means that the changes in any of these variables are strongly correlated to the customer satisfaction's relationship positively.

4.2.5 Regression Analysis

Regression analysis is applied to see how well it explains the dependent variable. Also, it is used to see how well-independent variable (CRM Part, Technology & Trust) describes the dependent variable, which is (customer satisfaction). The regression model shows how much of the variation in the calculation of customer satisfaction is explained by the underlying dimensions of CRM; Customer satisfaction was used as the dependent variable, whereas the dimensions of Customer relationship management were used as the independent variables.

Model summary

Model	R	R Square		Adjusted R Square	Std. Error of the Estimate
	.728[a]	.529		.519	7.33387

Table 2. Regression analysis

The table shows a value of 0.728 for R. The R values mean that an independent variable customer relationship management will estimate 73 per cent of the variance in customer satisfaction. A minimum variance of at least 60 per cent is considered a good fit, according to Zygmont & Smith (2014).

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5385.278	2	2692.639	50.062	.000[b]
	Residual	4786.929	89	53.786		
	Total	10172.21	91			

Table 3. ANOVA Table

Since the significant value of F statistics indicated a value of 50.062 and a value of p (.000), which is less than p<0.05, the model is important. This means that the variability displayed by the model is not due to chance.

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.893	4.302		2.532	0.013
	Customer relationship management	0.721	0.145	0.493	4.982	0
	Technology&Trust	0.442	0.147	0.297	3.006	0.003

Table 4. Coefficients (Regression)

According to Table above, the regression standardized coefficients of these independent variables, i.e. component of CRM variable and technology & trust with beta value 0.493&0.297 respectively. Their significance levels are 0.13 & 0.003 respectively, which are under 0.05. This means that they have a positive interaction with the dependent variable (Customer satisfaction).

4.3 Hypothesis Analysis

Hypothesis	**Coefficients Beta**	**Significant (p<0.05)**	**Decision**
H1: There is a positive impact of CRM on customer satisfaction of commercial banks in Mogadishu Somalia.	**.728**	**.000**	

		Significant	Accepted
H2: CRM components have a significant effect on customer satisfaction of commercial banks in Mogadishu Somalia.	**.493**	**.000** Significant	Accepted
H3: Customer satisfaction is expected to have a significant impact on technology and trust of CRM in Commercial banks of Mogadishu Somalia.	**.297**	**.000** Significant	Accepted

Table 5. Hypothesis analysis

4.4 Finding of the study

This section sums up the study's key findings. The key findings are presented according to the objectives of the research. The aim of this study was to examine the impact of customer relationship management on customer satisfaction of commercial banks in Mogadishu Somalia. In line with these arguments, the investigator built up a detailed conceptual framework and set three research goals:-

1. To determine the main customer relationship management components that lead to customer satisfaction in Mogadishu Somalia's commercial banks.

2. To examine the effect of technology and trust of CRM on customer satisfaction of commercial banks in Mogadishu, Somalia.

3. To examine the relationship between customers relationship management on customer satisfaction of commercial banks in Mogadishu, Somalia.

Third hypotheses were established and tested to establish the relationship between the independent variable and the dependent variable, to respond the objectives of this study. The very first hypothesis was to assess whether CRM has a positive impact on customer satisfaction of commercial banks in Mogadishu Somalia and **r value shows=.728.** Second hypotheses was: CRM components have a significant effect on customer satisfaction of commercial banks in Mogadishu Somalia and **r value shows= .493**. The last hypothesis was: customer satisfaction is expected to have a significant impact on technology and trust of CRM in commercial banks of Mogadishu Somalia and **r values shows**=.**297.**

Results of the regression analysis indicated that all CRM variables had a positive and statistically significant impact on customer satisfaction. The whole research proposal was thus accepted, and the alternative CRM hypothesis confirmed a statistically valid relationship between customer relationship management and customer satisfaction. Customer relationship management and customer Satisfaction have a close relationship with each other, so businesses use customer relationship management to maximize customer satisfaction. The dimension of CRM is closely related to customer satisfaction. The study findings indicate that technology and trust have a beneficial impact on customer satisfaction and it is strongly associated. Finally, CRM has a positive impact on customer satisfaction, the report states.

4.5 Conclusion and Recommendation of the Study

The banking sector of Somalia has been destroyed by two decades of violence. In January 1999, all state institutions giving financial services and controlling the economy collapsed, including the central bank of Somalia and the entire financial system. In addition, the past circulation of counterfeit currency has led to inflation the Country's economy. Since October 2009 when the first

commercial bank (Salaam Somali Bank) began to operate in Mogadishu Somalia's Headquarter after short period of stability, another commercial banks has been established.

Today, Somalia's banking sector faces immense difficulties in attracting and maintaining its customers. Banks are looking to create a pool of satisfied and pleased customers who are essential non-financial assets through efficient services in the evolving IT age. Many CRM studies have been performed in both developed and undeveloped countries in the banking sector, but this will be the first study that carried out in Mogadishu and will explore the impact of CRM on Customer satisfaction of commercial banks.

The main conclusion of the analysis was that CRM has an impact on the satisfaction of customer in commercial banks. The study recommends that the bank's CRM services should be efficient in having bought their customer satisfaction. CRM services offered in banks must serve customers to their expectations of improving customer satisfaction levels. Customers wanted to provide constant feedback in banking for change regarding customer relationship management programs. If a company wants to use the CRM program, they must have a clear view of their future and must sustain it every hour in order to have a good relationship with the customer and also to control the marketing and to concentrate on what product will not provide a great deal of service as CRM cannot help a range of services.

Additionally, the practice of customer relationship management can impact customer satisfaction in three main ways. Firstly, CRM helps organizations to change their services to suit each customer. Customer satisfaction is accomplished by customizing the goods or services to the customer's taste. Therefore, CRM impacts customer satisfaction due to perceived service or quality of the product. Secondly, CRM techniques allow companies to improve the efficiency of meeting customer demands on time and handle information about customers. Third, CRM activities often require organizations to monitor the three key stages (beginning, continuing, and exiting) of
57 Customer Partnerships (Swift, 2001; Mithas etal 2005; Parvatiyar et al., 2001; Kincard, 2003; Reinartz et al 2004;Crosby et al., 1990)

Customer relationship management has become an important method. Indeed, all banks understand the need for customer relationship management, but not every bank follows the actual definition

of CRM. Essentially customer relationship management is an important business policy. It is very useful for customers, shareholders and employees. It is very useful for customers, shareholders and employees. Banks have implemented CRM to some point, but only on the first step. Banks should to understand the desires and needs of their customers and allow their strategies and practice to support them effectively or efficiently. Recognition must be offered to the role of information networks that contain all consumer specific information in order to promote decision taking. It is necessary to introduce a marketing philosophy through alliances based on the nature of long lasting relationships with the consumer's willing to satisfy their needs and profound respect for the experience of each customer in the financial institution. The study focused on commercial banks; similar studies on public banks should be performed by future scholars. The study was potentially guided by the variable independent CRM and dependent customer satisfaction. Similar studies should be carried out in future with an approach using moderating variables.

The companies should perform customer's profitability analysis. The results of this analysis, if a customer is not doing well with presented products or services, there is an opportunity for us to find a better solution for that customers before losing it to competitors. The researcher suggest that, using proper CRM strategies can allow the businesses to remain ahead of customers by ensuring their retention over the longer term. Finally, this study makes significant contribution to the advancement of academic knowledge and theory on CRM and customer satisfaction in the context of the financial sector in Somalia. Therefore, this study contributes to literature on CRM and customer satisfaction by providing empirical evidence on the impact of CRM on account holder satisfaction.

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APPENDICES

Appendix 1: Introductory Letter to Respondents

The response to this questionnaire is a valuable contribution to The Impact of Customer Relationship Management on Customer Satisfaction of Commercial Banks of Mogadishu Somalia. I am performing this study in accordance with the requirement for the award of a Master's degree in business administration. The information you provide will be considered confidential and the results of the study will be used only for academic purposes

This questionnaire is made up of four sections. Part I allows the respondent to tick his / her demographic characteristics, Part II covers Customer Relationship Management (CRM) components, Part III covers technology and trust of CRM while Part IV addresses the level of satisfaction of the participant with his / her bank.

Part 1: Demographic characteristics

Please tick ( ) the appropriate answer

1. Gender:

Male ☐

Female ☐

2. Age (years):

18-26 ☐ 27-35 ☐ 36-44 ☐

45-53 ☐ 54-62 ☐ over 63 ☐

3. Educatıonal Level

Prımary Level ☐ Hıgh School ☐ Bachelor ☐

Master ☐ PhD ☐

4. Income Level

Under 1,000 ☐ 1,000-10,000 ☐ 10,000-50,000 ☐

50,000-100000 ☐ Over 100,000 ☐

5. Whıch bank do you use?

Salaam Bank ☐ Premıer Bank ☐ IBS Bank ☐

Amal Bank ☐ Dahabshııl Bank ☐

Part II: Customer Relationship Management

Please indicate with a tick ( ) what are the main customer relationship management components that lead to customer satisfaction using a scale of 1 = Strongly Dısagree; 2 = Dısagree; 3 = Neıther Agree Nor Dısagree; 4 = Agree; 5 = Strongly Agree.

	Components of CRM	**Strongly Dısagree**	**Dısagree**	**Neıther Agree Nor Dısagree**	**Agree**	**Strongly Agree**
1	Employees are quick and accurate in taking care of my transactions.	1	2	3	4	5
2	Bank policy requirements for financial services are easy to meet.	1	2	3	4	5
3	My bank informs me about new services at all times	1	2	3	4	5
4	The bank has a 24-hour free customer service helpline.	1	2	3	4	5
5	The customer care desk of the bank is strategically positioned to attract the attention of customers.	1	2	3	4	5
6	My bank is developing products and services using consumer views.	1	2	3	4	5

7	The banks‟ branch networks make services accessible anywhere in the country.	1	2	3	4	5
8	I'm wasting my time in the queue branch.	1	2	3	4	5
9	Even at a very busy time, employees take care of my transactions and tell me what happened.	1	2	3	4	5
10	The teller/bank officer provides the customer's additional products.	1	2	3	4	5
11	Bank employees provide customers with timely service.	1	2	3	4	5

- Please indicate with a tick ( ) the impact of Technology and Trust of CRM on Customer satisfaction using a scale of 1 = Strongly Dısagree; 2 = Dısagree; 3 = Neıther Agree Nor Dısagree; 4 = Agree; 5 = Strongly Agree.

Technology and Trust		**Strongly Dısagree**	**Dısagree**	**Neıther Agree Nor Dısagree**	**Agree**	**Strongly Agree**
1	The Internet banking of my bank is comfortable and safe to use.	1	2	3	4	5
2	It's quick to browse the website.	1	2	3	4	5
3	I can have all my transactions made by telephone banking.	1	2	3	4	5
4	My bank's technology is user-friendly.	1	2	3	4	5
5	Using my mobile phone, I can quickly get the correct bank statement.	1	2	3	4	5
6	I can use my mobile phone to withdraw money from my bank account.	1	2	3	4	5
7	I feel safe with my bank in all my financial transactions.	1	2	3	4	5
8	My bank puts my privacy at risk.	1	2	3	4	5
9	I trust the Banks ' loyalty.	1	2	3	4	5
10	My bank provides sufficient security within its premises for its customers.	1	2	3	4	5

Part III Customer Satisfaction

- Please indicate with a tick ( ) the impact of Technology and Trust of CRM on Customer satisfaction using a scale of 1 = Strongly Dısagree; 2 = Dısagree; 3 = Neıther Agree Nor Dısagree; 4 = Agree; 5 = Strongly Agree.

	Customer Satısfactıon	**Strongly Disagree**	**Disagree**	**Neither Agree Nor Disagree**	**Agree**	**Strongly Agree**
1	Customer satisfaction is essential for the performance of the Bank.	1	2	3	4	5
2	I'm delighted with my bank's information (new products, account statements).	1	2	3	4	5
3	I am satisfied with the interest rates charged by my bank	1	2	3	4	5
4	I'm comfortable with my bank's media reports.	1	2	3	4	5
5	Bank’s staff always willing to assist you.	1	2	3	4	5
6	Bank employees understand my specific needs.	1	2	3	4	5
7	My bank's operating hours are convenient for me.	1	2	3	4	5
8	I will encourage friends and relatives to use the service offered by the bank.	1	2	3	4	5
9	I intend to continue being a customer of the bank for a long time to come.	1	2	3	4	5
10	Whether this branch is busy or deserted I like this bank.	1	2	3	4	5
11	I am satisfied with the charges for banking services.	1	2	3	4	5
12	I'm delighted with my bank's variety of services.	1	2	3	4	5
13	My bank is responding quickly to complaints.	1	2	3	4	5
14	I hope my bank will fulfill my financial needs in the future.	1	2	3	4	5
15	Overall satisfaction with your bank.	1	2	3	4	5