

## Chapter 7

# Customer Perceptions of the Banking System Through Customer Relationship Management in Pakistan

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### ABSTRACT

*CRM refers to a set of business tactics, tools, and procedures that aid in developing long-term connections between businesses and their customers. The purpose of this study is to give the initial findings of customer relationship management. Little research exists in this sphere concerning the banking sector. The sample size is 30 customers of a local privatized bank in Karachi, as it is the hub of financial activities in Pakistan. The survey is adopted from Lu and Shang's work with few changes. This study will analyze whether the instrument is reliable or not. Cronbach's alpha value has been found to evaluate the reliability and internal consistency of the instrument. In this study, the levels of agreements and disagreements have been used to conclude the respective instrument's validity.*

DOI: 10.4018/978-1-7998-8451-4.ch007

## **INTRODUCTION**

Because of unique reasons, internet banking technology in Asia, particularly in Pakistan, is less developed than in the Western world. Therefore, a thorough examination of future e-banking in Pakistan will need research in several areas. The Electronic Transactions Ordinance was passed in 2002 to help encourage e-commerce in Pakistan, and it gave electronic transactions legal protection (e-Transactions). It also emphasized Public-Key Infrastructure (PKI), a collection of software encryption technologies and services. As a result, it enables many businesses to safeguard their communications and commercial activities to the greatest extent possible.

The Government of Pakistan launched an information-technology (I.T.) and e-commerce program in early 2000. The banks were anticipated to take the lead in e-commerce at the time. On the other hand, the banking industry has been one of the top spenders on information and communication technology (ICT). E-government has made the most development in the e-commerce industry. Although some business-to-business (B2B) portals exist, they are primarily geared to provide information rather than facilitate transactions. Pakistan has made significant strides in the development of e-commerce. Optical fiber networks were previously exclusively available in big cities, growing exponentially.

Almost all well-known banks have invested in cutting-edge technology that will significantly improve their services and have made e-banking available to their clients. Customers may now access their accounts without having to visit their banks. Banks are increasingly providing services to make e-banking easier and more convenient for their clients. In Pakistan, however, this is not the case. People in Pakistan are still hesitant to utilize e-banking for various reasons. The e-banking industry has developed at a breakneck pace over the last decade. It has much more room to expand as banks continue to push consumers to conduct e-transactions such as utility bill payments, account information access, and money transfers.

CRM systems collect information from various sources (Bardicchia, 2020), such as a company's website, phone, email, live chat, marketing materials, and, more recently, social media (Shaw, 1991). They enable organizations to understand better their target audiences and how to best respond to their requirements, resulting in client retention and sales growth (Bain & Company, 2018). CRM can be utilized with existing, future, or former customers. Customer relationship management refers to the principles, methods, and regulations that a company uses while engaging with its customers. From the company's standpoint, this entire connection includes direct interaction with consumers, such as sales and service-related activities, forecasting, and the study of consumer patterns and behaviors (Investopedia, 2021).

This research analyzes customers' perceptions of the banking system through customer relationship management in Pakistan. This research aims to assist

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