Chapter 61
An Uncertain Decision Making Process Considering Customers and Services in Evaluating Banks: A Case Study

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ABSTRACT
In today’s changing environment two properties are required to service namely good relation with customers and service quality. Nowadays no organization can get great achievement unless it can attract sufficient customers providing better service quality is important for service firms. This paper proposes a novel combined approach utilizing group decision making process to evaluate and rank criteria influencing the customer relationship management and service quality of four banks in Iran based on fuzzy decision making trial and evaluation laboratory (Fuzzy DEMATEL) and fuzzy analytic network process (Fuzzy ANP). Defuzzification of decision makers’ judgments is handled by Converting Fuzzy data into Crisp Scores (CFCS) method. Fuzzy DEMATEL is applied to deal with inner dependencies among criteria. Fuzzy ANP is used to compute final ranking of four banks as an empirical example. An empirical study is presented to illustrate the application of the proposed method.

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1. INTRODUCTION

The financial stability of a country is an important prerequisite towards economic growth. If a country wishes to attract investments must have a solid and profitable banking branch of the financial services industry (Goosen et al. 1999). The banking branch of the financial services industry, are central to the overall performance of the economy and perform functions which affecting all aspects of other sectors of the economy. The fact banks have a fragile and risky structure makes it inevitable to follow-up their structures and their efficiencies continuously. Banks’ non-financial performances through the criteria such as service quality, customer satisfaction are also important and must be measured for all stakeholders for more profitability.

Hussain and Gunasekaran (2002) summarized some main reasons for non-financial performance. These reasons are as follows: competition pressure, technological and economic developments, and legal regulations within top managements, socio-economic and political situation, top management and corporate culture. One of the important tools of the management’s control function based on nonfinancial performance is the measurement of service quality to improving performance and upgrading customer satisfaction.

Many service firms experience problems with their service quality because unique nature of service is not physical. In order to minimize these problems, it is necessary to truly understand the terms quality, service quality and the dimensions of service quality. Additionally, it is obvious that superior CRM (customer relation management) may possibly increase firms’ levels of service quality. Therefore, firms must to equip themselves with the necessary knowledge regarding this new business concept. Through effective CRM strategies and high levels of service quality, customers will receive the manner and level of service delivery for increasing the success of the service provider.

1.1. Customer Relation Management

As CRM is a strategic approach incorporating a process of maintaining valuable, long term relationships with clients, it provides the firm with an enhanced opportunity to understand its clients (Christopher et al., 2002). An improved opportunity for organization to understanding their clients is provided by CRM strategy and it is an efficiency approach incorporating long term relation with clients (Christopher et al., 2002). The relationship between a bank and its clients is very important to both parties, as the bank is entrusted with a scarce resource of the client, which must be managed in the client’s best interest to ensure support for the bank (Goosen et al. 1999). Gosney and Bohem (2001) get reasons that a CRM strategy has numerous aspects but the basic theme is for a company to become more customer-centric. Anton and Petouhoff (2001) found that primary reason that customers don’t have desire to keeping on doing business with a particular company is a poor customer service.

It is therefore important for banks to gain knowledge regarding the variables that can possibly influence its CRM. (Gilbert & Choi., 2003) advocates: “In banks a successful CRM strategy cannot be implemented by only installing and integrating software packages. If a bank develops and sustains a solid relationship with its customers, its competitors cannot easily replace them and therefore this relationship provides for a sustained competitive advantage.”

Most researchers have considered using CRM for improving financial services. Peppard (2000) integrated information technology and CRM for improving banks’ services. Rigby and Ledingham (2004) studied a broad range of companies that they have had a successful CRM system and defined important key factors for implementing CRM strategy in organizations. Reinartz et al. (2004) conceptualized the process of CRM implementa-
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