Editorial

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In this second issue of Volume 15, I am pleased to introduce the following six papers. The first paper, *Customers' Ways of Making Sense of a Financial Service Relationship Through Intersubjective Mirroring of Others*, by Eriksson and Söderberg, examines the microfoundations of financial service buyer and seller relationships. The authors note that despite a significant body of research in the area of relationships, relatively little focuses on the customer point of view. Using intersubjective theory and a qualitative method, the study conceptualises the different ways customers experience face-to-face interactions with their financial services provider. Findings from the study reveal that not all personal interactions between customers and their financial services provider can be labelled 'relationships'. What customers perceive as a relationship is an encounter where the interaction entails symmetry in the way the customer and the provider mirror each other. When customers receive a treatment in opposition to an expectation, they will not refer to the situation as a relationship. Using the concepts of *What* (focusing on labels such as: woman, man, young, poor, native or dentist and so on) and *Whom* (adopting the other's perspective by asking for things that make this person a concrete other), four ideal types were identified. Mutual relationships between customers and providers appear to exist in only two of the ideal types: 'It is like going to the dentist' (What–What) and 'Like someone I really know' (Whom–Whom). In these two situations, the bank and the customer both viewed each other as *What* or *Whom*. The other two groups did not reveal the

existence of mutual relationships between customers and providers. Indeed, these customers did not believe that they had any type of relationship with their bank. The category 'It is like I am unseen' (Whom–What) expressed frustration as the customer wanted a personal relationship, whereas the advisor offered a professional one. With regards to 'It is just prying' (What–Whom), the customer expected a professional relationship with the advisor, but the approach from the advisor was perceived to be too personal and intimate. The findings suggest a number of implications. Importantly, the authors show that a What–What relationship, often considered a transaction rather than a relationship, possesses the same characteristics (satisfaction, long duration and loyalty) that commonly define relationships.

Consumer distrust is particularly salient in the context of the recent financial crisis, and financial institutions are looking for ways to enhance their image and regain consumer confidence. The following two papers highlight the role that Corporate Social Responsibility (CSR) can play in re-building consumer trust and confidence. The first of these two papers, *Implications for Brokerage Firms' Financial Disclosures: From CSR Perspectives*, by Wang, examines investors' attitudes towards brokerage firms' financial disclosures and explores how investors' attitudes towards brokerage firms' financial disclosures influence subsequent responses such as perceived trust and attitude towards brokerage firms. The author argues that responsible and ethical business practices increasingly are expected by consumers. This growing expectation has arisen because

consumers expect firms to practice in a responsible fashion. Despite the importance of transparency in today's financial environment, research on financial disclosures is scant. CSR practices and the Social Contract Theory suggest that investors may put a relatively high value on brokerage firms that practice financial disclosures responsibly. On the basis of these assumptions, the paper argues that positive attitudes towards disclosures may be enhanced when responsible and ethical practices in disclosing financial information are perceived by investors. The research tested this assumption using a survey administered to a convenience sample of 511 investors. The study found that investors' attitudes towards brokerage firms' CSR practices and attitudes towards brokerage firms are mediator variables in explaining the relationship between brokerage firms' financial disclosures and behavioural intention. The results suggest that investors' positive attitudes towards brokerage firms' financial disclosures do positively enhance their attitudes towards brokerage firms' CSR practices and perceived trust towards brokerage firms. The author argues that projecting good CSR practices can influence a brokerage firm's image and investors' behavioural intentions. The paper suggests that brokerage firms can improve their practices of financial disclosures and communicate their good CSR practices to positively enhance their corporate images.

The next paper, *The Impact of Company Type and Corporate Social Responsibility Messaging on Consumer Perceptions*, by Mattila, Hanks and Kim, examines whether advertisements portraying a message of CSR might help financial institutions in enhancing consumer perceptions of the company. The study contrasted two ads, both portraying well-known service organisations (one financial institution and one telecom company). The authors chose a phone company for comparison as it is a large

service company, well known and understood by most consumers, but not related to financial or mortgage services. One hundred individuals, randomly selected, were exposed to advertisements, with or without a CSR message, for the service organisations selected. The study found that the type of company moderated the impact of CSR on consumer attitudes towards the ad and post-exposure company reputation. Consumers harbour negative attitudes towards mortgage companies and scepticism about advertising from these companies, but that the inclusion of a CSR message can mitigate these effects, resulting in improved attitudes towards the company. The effects for the phone company were not so strong. The authors suggest that distrust serves as a defensive cue, indicating to the consumer that a more thoughtful evaluation of the advertisement is necessary in order to protect oneself from harm. The implications for mortgage firms are that in order to rebuild public trust and regain customer confidence, marketing and advertising communications will be a key part of this effort.

The fourth paper by Papias and Ganesan, *Financial Services Consumption Constraints: Empirical Evidence from Rwandan Rural Households*, explores factors constraining Rwandan rural households' access to credit. The authors acknowledge that rural households of developing countries require a robust and vibrant rural financial system through which they can access a range of enabling and sustainable financial resources. Yet, rural credit markets in general, and formal markets in particular, of developing countries have long been recognised as grossly inadequate and poorly developed resulting in a paucity of accessible and reliable financial services to rural households compared with their urban counterparts. The contribution of the study is that it provides empirical evidence on the needs and factors constraining demand for formal financial services and products for

rural households in Rwanda. Unlike most previous studies, the study focuses on the rural household as a unit of analysis by determining the credit constraint status of the households and how it impacts on availing and using the range of formal financial services and products. On the basis of a sample of 480 rural households from four rural-based Rwandan provinces, the study explores the impact of four factors, accessibility, availability, adequacy and affordability, on credit constrained and non-constrained households. Group means between credit constrained and unconstrained households show that although there is the same level of agreement between the two groups with respect to financial services *availability* constraints, their level of agreement varies with reference to *accessibility*, *adequacy* and *affordability* constraints. Such multiple forms of credit constraints to rural households with multiple sources of constraints bear some important policy as well as managerial implications to different parties involved in policy and programme design for rural financial services. The paper recommends innovative systems to increase access of rural people to the range of financial services thereby augmenting and shaping their consumption behaviour towards these services.

The last two papers both explore the impact of the Internet on relationship management in bank marketing in different country contexts. The first of the two, *The Impact of the Internet upon Bank Marketing*, by Proença, Silva and Fernandes, discusses the virtualisation of the interaction processes between banks and their customers in Portugal and analyses the influence of the Internet on these relationships. The authors note that information and communication are critical to developing customer relationships and the retail banking sector is a good example in which the virtualisation of relationships is increasing. However, they contend that there is no consensus

as to whether banking relationships are strengthened or weakened by the use of technology. This paper addresses this issue by examining the virtualisation of the interaction processes between banks and their customers and the influence of the Internet on these relationships. On the basis of questionnaire data gathered from a sample of 340 Internet banking users, analysis was conducted in order to assess the relationship between the identified dimensions of Internet Banking and Relationship Marketing. The study identifies three factors related to the use of Internet banking, which strengthen the relationships between banks and their customers: the intensity of Internet use, the diversity of access locations and the diversity of Internet applications. Given the growing integration of self-service technology into consumer interactions, the authors argue that financial institutions need to take into consideration the importance of the relationship with the customer and make efforts to maintain and develop this relationship. The relationship marketing approach enables the financial institution to develop a more productive, tailor-made and efficient interaction with its customers. At the same time, new technologies can be used to innovate in promoting and maintaining more personalised relationships. From a managerial point of view, these findings have implications for the development of new relationship approaches based on technology.

The final paper in this issue, *Online Banking in India: an Approach to Establish CRM*, by Khare, studies the applicability of online banking in India and its role in fostering relationships with customers and creating greater value. In particular, the study focuses on assessing a change in value perception following the use of technology in order to understand if and how it improves customer satisfaction. The research consisted of two phases: interviews with bank staff followed by a survey of customers. The findings reveal a relationship between

use of technology, improvement in quality of services and better management of customer relationships, but a low correlation between CRM and the quality of service. Many customers are using the services but remain sceptical about the financial transactions and service quality dimensions.

The paper outlines a number of implications and practical recommendations for managers to alleviate some of the problems.

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