Editorial

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In this final issue of volume 12, there are seven papers covering a wide range of topics from relationship management, internet adoption, commercial lending, financial planning certification, pension-saving behaviour, complaining behaviour and credit cards across a wide range of country/regional contexts including the USA, the UAE, the UK, Australia, India and Scandinavia.

The first paper, *Relationship Disconnect in Retail Banking*, by Durkin, O'Donnell and Crowe explores the changing nature and role of relationship management in the context of increased customer touch-points. As the range of technological interfaces has widened, banks are finding that relationship touch-points for clients can be composites of various interaction interfaces. For relationships to work they need to be mutually beneficial; thus, finding the right balance between face-to-face and remote interactions for any one customer is a function of the interaction preferences for both the bank and the customer in question. Added to this is the issue of customer receptivity to relationship approaches at various times, for various products and through various interfaces. It has been shown that increasing the role of technology in a service organisation can help reduce costs and improve service reliability. Notwithstanding, the authors argue that there remains an important role for personalised relationships in the delivery of any service proposition. The paper discusses both these perspectives and attempts to reconcile these apparently opposing views. The research draws on findings from a longitudinal case study with a large UK bank that focused on the area of remote relationships. In this paper, the key findings from the work, conducted

between 2000 and 2005, are revisited and re-interpreted in an attempt to more fully understand the case bank's recent decision to treat all personal customers as 'transactional' and no longer relationship manage any personal retail customers according to net worth. Hence, all retail customers are now treated in a similar way with emphasis placed on the e-banking platform. The decision is a divergence from the norm in terms of relationship marketing thinking and is of interest for this reason. Somewhat surprisingly, the results of the deliberate relationship disconnection strategy appear to be limited with any initial reduction in more complex product sales being recovered. It would appear in the case of more complex product sales, however, that personal contact is still required. This personal contact can be facilitated outside a relational context at least in the short term. Despite this, it would seem that a certain amount of 'relationship management' is ongoing but is being carried out by competent branch staff. In the absence of any proactive relationship strategy, it is unclear how the bank will manage cross-sales among its existing customer base. There are useful lessons for other financial institutions planning to reduce the amount of face-to-face relationship management.

The next paper also focuses on the impact of the internet on financial services, specifically the challenges of overcoming the resistance of existing bank customers to adopt this technology in handling their financial transactions. There is a need to understand the factors that facilitate or inhibit the adoption of internet banking. While there is now a growing body of literature focusing on internet banking adoption, most studies have explored adoption from technical and

personal perspectives. Few studies have adequately addressed the impact of social factors on the adoption of internet banking. To address this gap, *The Adoption of Internet Banking: An Institutional Theory Perspective*, by Shi, Shambare and Wang, draws upon social contagion theories and institutional theories. The study spearheads the use of institutional theory at the individual level within the internet banking context and proposes a model to examine three social environmental factors of normative, coercive and mimetic pressures within the internet banking context. The model is tested using survey data from 124 respondents. The results reveal that two types of institutional forces, coercive and normative, have a significant influence on attitude and intention to use internet banking, although coercive pressures were found to exert a higher influence on attitude and intention than normative pressures. Mimetic pressures, however, were found to have no significant influence on attitude or intention to use internet banking. The findings also indicate that attitude plays a mediating role between institutional forces and intention. The findings may shed light on how financial institutions could better market their internet banking services and thus accelerate the rate of adoption.

The Interplay of Reificative and Participative Processes of Customer Knowledge Creation: An Exploratory Study of Commercial Lending, by Värlander, explores the customer knowledge-creation process in commercial lending. More specifically, the paper attempts to answer the questions: Which sources of information are used in the customer knowledge-creation process in commercial lending? What is the role of credit-scoring systems, and what are the roles of other complementary sources of information? A key competency in commercial lending is the ability to generate information about customers in order to separate the credit-worthy from those who are not. Traditionally, this was performed through proximal, face-to-face interaction. Nevertheless, in order to rationalise the

process and in an attempt to overcome information asymmetries, credit-scoring systems are increasingly being used. A common assumption has been that these systems are replacing proximal customer evaluations with distal ones. Some researchers have suggested, however, that proximal interaction and contextual, nonstandardisable elements will be of continued importance for assessing customers. In the light of this, the role of credit-scoring systems as a way of overcoming proximal interaction may be questioned. The author argues that customer knowledge is created through an interplay of proximal, embodied participation and reification. Reified knowledge generated from credit scoring and documentation is instilled with meaning through participative knowledge created in proximal face-to-face meetings, which include discursive practices (dialogue, negotiation, joint meaning-making) as well as non-discursive practices (atmosphere, artefacts, perceptual cues). The paper draws on evidence from the commercial lending practices of the largest retail bank in Scandinavia. The findings reveal that commercial lending in this bank does not solely rely on reified knowledge about a 'quantified customer' derived from the credit-scoring system. Acquiring a more holistic picture of the customer, nonquantifiable, aspects stemming from the social and embodied interaction with the customer, is important. The findings of the research are useful in emphasising the importance of taking account of wider sources of customer information in the customer knowledge-creation process and giving credence to the use of nonquantifiable information.

Professional certifications are a necessary requirement for financial planning professionals in order to gain the necessary skills for their profession, to establish professional credibility and to validate their knowledge base. Choosing the appropriate certification/designation and designing an effective marketing strategy around it are important career decisions for financial

service professionals. In their paper, *Demarcating Designations: Chartered Financial Analyst and Certified Financial Planner*, Smith, Vibhakar and Terry examine the differences and similarities between two financial analysis/planning designations: the chartered financial analyst (CFA) and the certified financial planner (CFP). The overarching questions the paper attempts to answer include: What are the specific skill strengths and who is the appropriate target market for the services of each designation? The research was based on a survey of 272 financial planning professionals who hold both designations, 75 per cent of them based in the US and the remaining 25 per cent based outside the US. The findings reveal that some overlap exists; yet the skills, expertise and target market of these two designations remain quite distinct in terms of what they emphasise and whom they target. In general, the CFA designation best prepares individuals for investment analysis and portfolio management for high wealth individuals, small business owners, corporations and nonprofits. On the other hand, the CFP designation provides the best preparation for comprehensive personal financial planning for individuals and families. The findings have important implications for the financial planning profession, the individual financial planning professionals and consumers. For the industry, the research provides important information for building the overall CFA and CFP brands. For the individual financial planning professionals, the research can help service providers to better position, target and plan marketing strategies. For consumers, there are difficulties in determining the quality of financial service providers; the certification acts as a valued brand that assures potential buyers of the quality and consistency of service.

Many countries are experiencing a savings gap; consequently, encouraging greater pension saving is on the agenda of many countries' governments. Financial capability (or lack of) explains some of the inactivity;

yet involvement is also a key factor motivating participation. Understanding the impact of involvement on decision-making and behaviour is important in knowing how to increase engagement with pensions and pension saving. In their paper, *An Examination of Involvement in Relation to Superannuation Consumption*, Grace, Weaven and Anderson examine consumer involvement in the context of superannuation consumption in Australia. The superannuation landscape in Australia provides for a unique consumption situation. Superannuation contributions (ie the Superannuation Guarantee Charge) are mandatory for most employed consumers, resulting in forced rather than voluntary consumption behaviour. Demand is, thus, stimulated by government regulation. The authors argue that government intervention has denied the consumer the experience (and consequential learning related to need recognition) within the initial stages of the decision-making process. Consequently, subsequent consumption behaviour could also be affected. Changes to recent legislation in Australia now allow the individual devolved responsibility for super fund choice. The authors posit it is likely that important financial decisions may be determined on the basis of very little knowledge of superannuation in general and fund performance in particular. Based on a survey of 329 respondents from four regions in South-East Queensland, the research tests for associations between involvement and consumer knowledge, consideration of future consequences, age and education. The results clearly indicate that subjective knowledge, age and consideration of future consequences are positively associated with involvement in relation to superannuation. There were no significant associations found for objective knowledge and education. On the face of it, it appears that a difference exists between individuals who have an interest in superannuation and think they know about compared to what they actually know.

The implications are that the highly involved consumer may actually engage in less information search prior to making a decision compared with those who are less involved and more wary in relation to superannuation decisionmaking. In practical terms, marketing efforts should be concentrated, not only on the provision of information in relation to superannuation but, more importantly, on attitude change with the objective of stimulating need recognition in younger superannuation consumers.

In CRM complaint handling and associated service recovery is important. Reports indicate that financial institutions receive a large number of complaints from consumers compared with service organisations generally. Understanding the nature of complaints and the impact on consumer behaviour is important to companies. In their paper, *Perceived Justice and Customer Loyalty in the Retail Banking Sector in the UAE*, Dayan, Al-Tamimi and Lo argue that customer complaints stem from a perceived injustice. Justice is defined as an evaluative judgment about the appropriateness of a person's treatment of others. The authors note that justice is a multidimensional concept articulated on three dimensions by justice theorists (ie distributive, procedural and interactional). Their paper examines the impact of these three dimensions of justice on customers' post-complaint behaviour (ie exit versus loyalty) of both conventional and Islamic banks in the UAE. In addition, it seeks to study the mediating effect of negative or positive emotions on loyalty-intention to exit among customers of these different types of bank. Data were gathered from a sample of banks in the UAE that included eight national conventional banks and the two largest foreign banks. Owing to the small number of Islamic banks, questionnaires were distributed to a convenience sample of customers of all four Islamic banks in three cities. The results show that interactional justice (eg courtesy) and

distributive justice (eg refund) play predominant roles, as they impact on both positive and negative emotions and the exit-loyalty behaviour of customers regardless of the type of bank. The results show, however, that procedural justice (eg timeliness) has no impact on either negative or positive emotions or the exit-loyalty behaviour of either conventional bank customers or Islamic bank customers. The research is intended to help the UAE banks assess and improve the quality of their complaint handling service in order to create a perception of fairness and righteousness in the minds of customers, to gain an advantage in terms of customer loyalty in the marketplace.

The last paper in this issue, *Managing Perceived Risk for Credit Card Purchases through Supplementary Services*, by Goyal aims to understand the significance of supplementary services as a means of reducing consumer-perceived risk associated with the purchase of credit cards. Products (eg credit cards) typically are a bundle of offerings, tangible and intangible. Broadly, a product consists of a core or substantive offering and a number of auxiliary or peripheral offerings, the so-called supplementary services. Research has tended to focus on perceived risk associated with the core product offering; this paper represents an original attempt to examine the relationship between perceived risk and supplementary services. The paper particularly focuses on the impact of supplementary services on functional and psychological risk. The study is based on a survey of 720 consumers, administered by personal interview in shopping malls in India. The findings reveal that the presence of supplementary services can serve to reduce consumers' perceptions of functional and psychological risk. Important age differences were also found. The presence of supplementary services was found to have a greater impact on functional risk perceptions for 18–25 year olds, whereas for individuals aged 55 years and over the greatest impact was found in relation to reducing

psychological risk. Gender differences were also evident in that men seemed to perceive more psychological benefits from the presence of supplementary services, whereas women tended to perceive more functional benefits. There are implications for theory in terms of the importance of separating out the core product from the auxiliary product in understanding perceived risk, and implications

for practice in understanding how perceived risk may be reduced by manipulating the more controllable elements of the peripheral service offering to increase purchase and adoption.

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