

**A STUDY ON TRUST AND INTEGRITY OF CUSTOMERS  
TOWARDS BANKING SECTOR IN EAST GODAVARI  
DISTRICT**

**Dr.K.Srinivasa Krishna<sup>1</sup>**

**.Suryanarayana Murthy<sup>2</sup>**

**ABSTRACT**

Trust and integrity are necessary for success and accomplishment and are competitive advantages. The study proposes, and concludes, that a higher consumer perception of benevolence, integrity, and competence is positively related to a higher level of consumer trust. The article also suggests that there are a number of other factors that may moderate this relationship. The findings imply that those involved in the marketing of internet banking services must aim to enhance the consumer's perception of benevolence, integrity, and competence, in order to gain trust and engage in meaningful customer relationship programs.

**Keywords: Trust, Integrity, Consumer's perception, benevolence, Customer relationship programs.**

<sup>1</sup> *Professor, Aditya Global Business School, Surampalem, Kakinada*

<sup>2</sup> *Assistant Professor, Aditya Global Business School, Surampalem, Kakinada*

## INTRODUCTION

Core business strategy that integrates internal processes and functions, and external networks, TO CREATE AND DELIVER VALUE TO TARGETED CUSTOMERS AT A PROFIT. The goal of your business in terms of its customer interactions is the generate loyalty. There's no better way to do that than to offer quality products and services and to be responsive to your customers. But as new technologies have come to market to make it easier for businesses to provide customer service, they may also be increasing the number of channels through which you interact with customers and the complexity of those interactions. Accenture, the technology consulting firm, suggests that businesses that want to use technology to raise the quality of their customer service focus on the following:

1. **Workforce Effectiveness:** Encouraging your staff to embrace new ways improving customer treatment by providing tools and training to deliver better service.
2. **Insight-Driven Marketing:** Gaining insights into your business from customer data so you can more effectively target marketing.
3. **Marketing Automation:** Streamlining and automating business processes to improve efficiency and keep costs low.
4. **Self-Service Optimization:** Finding ways for customers to interact with your business when they want.
5. **Data Management and Analytics:** Using data collected from customer to analyze their preferences.

## TRUST: ESSENTIAL FOR FINANCE& BANKING

Banking's Most Important Currency is Customer Trust. Trust generates the business .Today's banks must provide personalized cross-channel engagement to defend against new competitors and drive profit growth. There are five key pillars of trust that will improve customer engagement. The key role of trust in making financial relations work has been known for a long time, long before it became a subject of academic research. The name we use for the most basic financial relationship, "credit", is rooted in the Latin "credere", which means to trust – though the ancient Romans used a different word for it. Adam Smith, while

advocating the social value of self-interest, also believed that economic transactions should be based on morality, or even friendship.

### OBJECTIVES OF THE STUDY

1. To identify the underlying dimensions of trust and trustworthiness of a service provider
2. To examine the relative importance of the trustworthiness dimensions on the overall trustworthiness of the service provider
3. To examine the relative importance of trust dimensions on the overall consumer trust in the service provider
4. To examine the impact of trustworthiness on the overall consumer trust in the service provider.

### REVIEW OF LITERATURE

Trust is a trans-disciplinary construct that has been used in psychology, sociology, economics, political science, and marketing to study different types of relationships (Ben-Rechav 2000; Mayer et al. 1995).

In marketing, it has been an important component in a significant research stream focusing on buyer-seller relationships (Ganesan and Hess 1997) as well as in services area where a customer does not have an opportunity to evaluate the service prior to its use (Moorman, Deshpande and Zaltman 1993; Morgan and Hunt 1994; Dovaliene, Gadeikiene and Piligrimiene 2007).

Heffernan et al. (2008) identified three dimensions of trust: credibility, integrity and benevolence. They found a positive and significant relationship between the dimensions of trust, relationship manager's level of trust, emotional intelligence and bank's financial performance.

In a study of partnering, Wong, Cheung and Ho (2005) identified four underlying factors in successful partnering between developers and consultant groups: performance, permeability, system-based trust and relational bonding.

Dovalien, Gadeikien and Piligrimien (2007) analyzed the role of trust as an antecedent of long term customer relationship. They conducted an empirical study on deontology services to

identify the determinants of customers' trust and the relationship between the various determinants and the overall level of trust. They found that trust plays a key role in determining the behavioral intentions of customers to pursue a long-term relationship (intentions to visit the same deontologist again and intentions to recommend) with the service provider. In subsequent analysis they found strong correlations between trust and satisfaction, outcome quality and customization. A strong positive correlation was also found between trust and its determinants and behavioral intentions. Finally a multiple linear regression was carried out to determine the presence of linear relationship between trust and its determinants. Here, only satisfaction emerged as a significant variable in explaining the variance in trust whereas the quality dimensions and communications were not significant.

N.Dubisi and Wah (2005) conducted an empirical study to examine the relationship between perceived quality of bank-customer relationship and customer satisfaction in the Malaysian banking industry.

From the consumer point of view, trustworthiness is based on consumer's belief that a company will continue to offer goods/services as promised. In order to remain trustworthy, a business should sustain delivery of goods and services over time (Chong, Yang and Wong 2003). Therefore, proper conceptualization of trustworthiness should take into account accumulation of experiences which leads customers to trust a service provider.

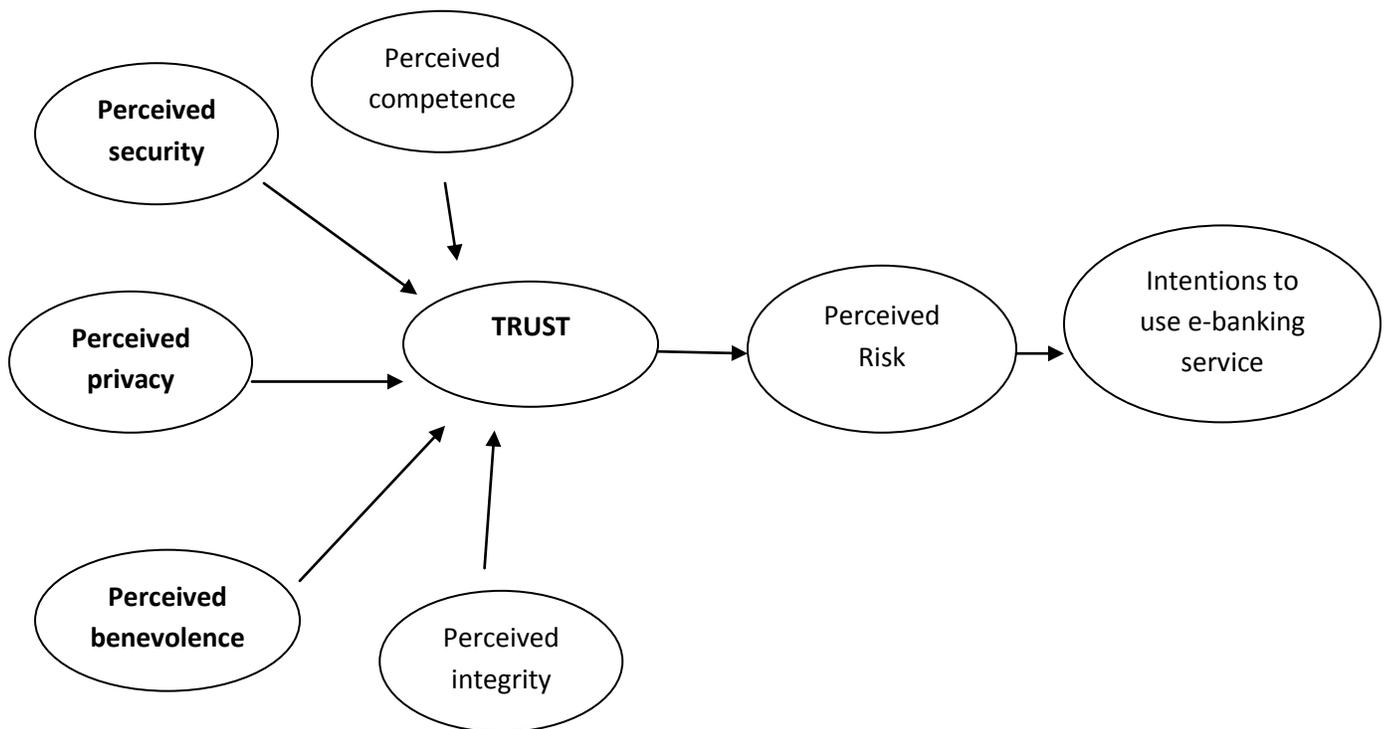
It is clear from the above review that there is no consensus on the dimensionality of trust and trustworthiness, particularly in the services sector. Therefore, the present research is an attempt to gain a better understanding of the underlying dimensions of consumers' trust in a service provider and its trustworthiness. While a number of studies have examined the multidimensional nature of trust in the services context, less attention has been paid to identifying the underlying dimensions of trustworthiness.

## RESEARCH METHODOLOGY

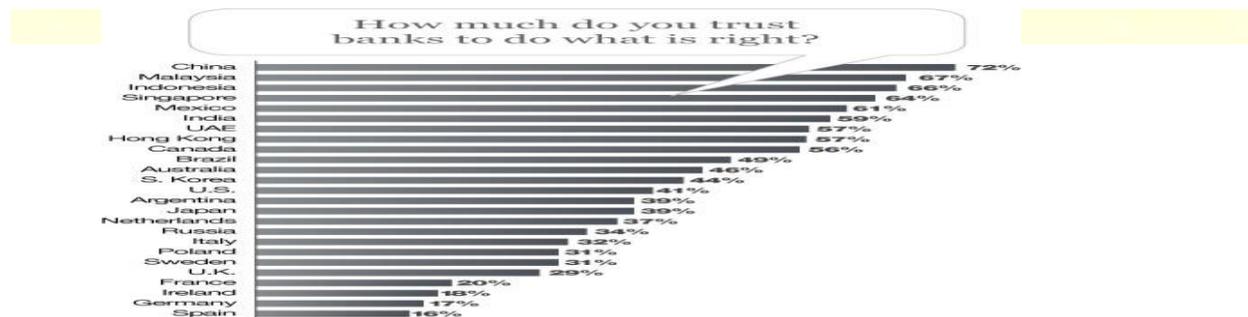
1. Sample Size: 350

2. Regions covered: Selected regions of East Godavari District (Amalapuram, Kakinada, Rajamahendravaram)
3. Type of Data: Primary Data
4. Method Used for Collecting Data: Questionnaire
5. Type of Sampling Technique Used: Simple Random Sampling
6. Type of Statistical Test Used: Chi-Square Test of Goodness of Fit

**THE INTENDED MODEL OF E-TRUST FOR ELECTRONIC BANKING**

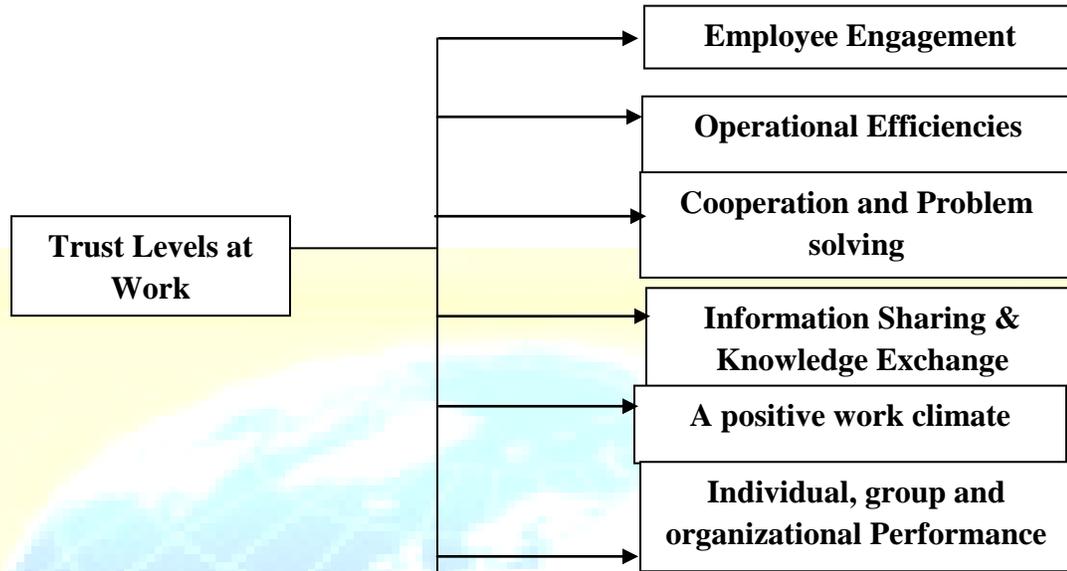


(Source: S.Y. Yousafzai et al. / Technovation 23 (2003) 847–860)



(Source: The financial brand.com)

**TRUST'S POSITIVE IMPACT ON EMPLOYEES' ATTITUDE, BEHAVIOURS AND PERFORMANCE**



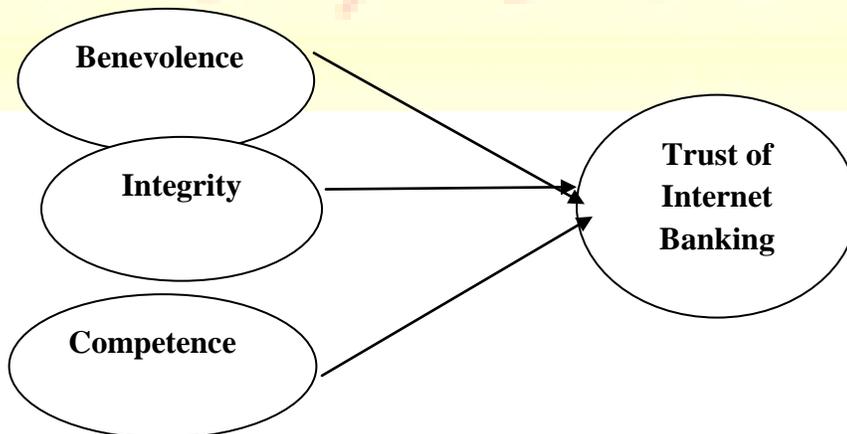
**HYPOTHESIS OF THE STUDY**

**Case-1: H<sub>0</sub>:** There is a significant difference of higher consumer perception of banks integrity is positively related to a higher level of online bank trust.

**H<sub>1</sub>:** There is no significant difference of higher consumer perception of banks integrity is positively related to a higher level of online bank trust.

**Case-2: H<sub>0</sub>:** There is significant difference of a higher consumer perception of banks competence is positively related to a higher level of online bank trust.

**H<sub>1</sub>:** There is no significant difference of higher consumer perception of banks competence is positively related to a higher level of online bank trust



Trust underpins effective working relationships. The more someone trusts a colleague, manager or team member, the greater the likelihood they will co-operate, share information and work effectively together. By increasing trust levels across their organizations, employers can drive significant improvements in performance by motivating staff to commit additional discretionary effort. It helps businesses to both take and manage risks safely and allows leaders to try new things, essential if an organization wants to grow and develop. However, trust can be fragile, and it is easily broken.

### **THE FIVE FUNDAMENTALS OF TRUST**

The research highlights five fundamental skills and qualities that leaders need in order to be trusted. The single most important driver of trust is openness – 70% of respondents to the survey rank it as one of their top three drivers of trust. This is followed by effective communication (53%), the ability to make decisions (49%), integrity (48%) and competence in their role (42%). Together, these five skills represent the core management characteristics that will increase trust levels and bring associated performance benefits.

### **THE IMPORTANCE OF RELATIONSHIPS**

Managers typically trust their direct reports most highly – those with whom they have a vertical and structured relationship. They trust their colleagues less, and their own manager least for being open and honest and keeping commitments. Trust for managers varies between very high trust and very low trust, with fewer responses in the neutral middle ground. We discovered a small minority of employees who distrust their own manager across all measures. This discontented 5% display low levels of trust in their manager's ability to do their job, be open, honest and keep their commitments, suggesting they are not receiving the honest communication and support needed to form a bond of trust with their own manager.

### **SENIORITY DRIVES TRUST**

As managers progress through the ranks in their organizations, they typically become both more trusting and more trusted. Senior managers have the highest levels of trust in their organization (49% net high trust) compared to middle managers (38%), and senior leaders also

express higher levels of trust in their own manager, teams and colleagues across a range of factors when compared to middle management colleagues.

## YOUNGER MANAGERS MOST POSITIVE

The youngest managers, the millennial generation (born in 1981 onwards), are the most likely to say they trust everyone or almost everyone in their organization (54%), followed by baby boomers (those born between 1946–1964), almost half of whom (45%) say they trust everyone or almost everyone. Generation X, those born between 1965–1980, has the lowest level of respondents saying they trust everyone or almost everyone (44%) they work with. Millennial generally have the highest levels of trust in their organization, colleagues, managers and direct reports. Generation X and baby boomers were the most likely to be distrustful of their organization, with just 36% net high trust, compared to 48% for millennial. Almost one in 10 (9%) Generation X managers say they have very low levels of trust compared to 8% of baby boomers and 6% of millennial, suggesting this middle generation of managers is the least likely to have a positive two-way relationship with their own boss.

However, it is still based on the six dimensions of trust which provide the conceptual framework to the Index. These dimensions have been identified from the academic literature are:

1. **Ability** – the leader's ability to do their job
2. **Understanding** – displaying knowledge and understanding of their employee's or reports' roles and responsibilities
3. **Fairness** – behaving fairly and showing concern for the welfare of their employees or reports
4. **Openness** – being accessible and receptive to ideas and opinions
5. **Integrity**– striving to be honest and fair in decision making
6. **Consistency**– behaving in a reliable and predictable manner

These six dimensions can broadly be summarized as Competence (Ability and Understanding), Benevolence (Openness and Fairness) and Integrity (Integrity and Consistency).

For the purpose of this research the dimensions can be seen as the drivers of trust, where each is a necessary, though not sufficient condition.

## DATA ANALYSIS

**Table-1: Mean Values for Influence Relationship between Trust & Customer Contentment**

S.No	Response View	Mean Value
1	Providing quality services to customers	184.8
2	Treating customer database confidentiality	170.8
3	Excellence & Integrity	171.2
4	Providing good customer base	149
5	Education & Software Reliability	162.4
6	Addressing challenges with care & respect	161
7	Meeting customers' expectations at all times	166.2
8	Face to face interaction with the bank officials	162
9	Attaching urgency to complaints	165.2

**Table-2: Mean Values for Confront of Establishing Trust between Bank & Customers**

S.No	Response View	Mean Value
1	Delivering Poor quality services	179
2	Frequent breakdown in network	169
3	Software unreliability	164.2
4	Long queues at the bank halls	178.2
5	When the bank does not deliver on its promises	162.4
6	Lack of proper customer base	206.6
7	Lack of professionalism	216.2
8	Inadequate banking facilities	174
9	Bad perception by customer	166.2

S.No	Response View	O <sub>i</sub>	E <sub>i</sub>	O <sub>i</sub> -E <sub>i</sub>	(O <sub>i</sub> -E <sub>i</sub> ) <sup>2</sup>	(O <sub>i</sub> -E <sub>i</sub> ) <sup>2</sup> /E <sub>i</sub>
1	Providing quality services to customers	184.8	38.88	145.92	21292.6	60.83
2	Treating customer database confidentiality	170.8	38.88	131.92	17402.8	49.72
3	Excellence & Integrity	171.2	38.88	132.32	17508.5	50.02
4	Providing good customer base	149	38.88	110.12	12126.4	34.64
5	Education & Software Reliability	162.4	38.88	123.52	15257.1	43.59
6	Addressing challenges with care & respect	161	38.88	122.12	14913.2	42.60
7	Meeting customers' expectations at all times	166.2	38.88	127.32	16210.3	46.31
8	Face to face interaction with the bank officials	162	38.88	123..12	15158.5	43.31
9	Attaching urgency to complaints	165.2	38.88	126.32	15956.7	45.59
<b>Total Value</b>		416.61				
<b>Sample Size</b>		350				
<b>Chi-Square Calculated Value</b>		1.190				
<b>Chi-Square Tabulated Value</b>		Degree of freedom with 8 at LOS value=95% is 2.73				
<b>Remarks</b>		Case-1:Null Hypothesis H <sub>0</sub> is accepted				

**Table-1: Chi- Square Analysis on Influence Relationship between Trust & Customer Contentment**

S.No	Response View	O <sub>i</sub>	E <sub>i</sub>	O <sub>i</sub> -E <sub>i</sub>	(O <sub>i</sub> -E <sub>i</sub> ) <sup>2</sup>	(O <sub>i</sub> -E <sub>i</sub> ) <sup>2</sup> /E <sub>i</sub>
1	Delivering Poor quality services	179	38.88	140.12	19633.6	56.18
2	Frequent breakdown in network	169	38.88	130.12	16931.2	48.31
3	Software unreliability	164.2	38.88	125.32	15705.1	44.87
4	Long queues at the bank halls	178.2	38.88	139.32	19410.0	55.45
5	When the bank does not deliver on its promises	162.4	38.88	123.52	15257.1	43.59
6	Lack of proper customer base	206.6	38.88	167.72	28129.9	80.37
7	Lack of professionalism	216.2	38.88	177.32	31442.3	89.83
8	Inadequate banking facilities	174	38.88	135.12	18257.4	52.16
9	Bad perception by customer	166.2	38.88	127.32	16210.3	46.31
<b>Total Value</b>		517.13				
<b>Sample Size</b>		350				
<b>Chi-Square Calculated Value</b>		1.47				

Chi-Square Tabulated Value	Degree of freedom with 8 at LOS value=95% is 2.73
Remarks	Case-2: Null Hypothesis $H_0$ is accepted

**Table-2:Chi-Square Analysis on Confront of Establishing Trust between Bank & Customers**

## FINDINGS

1. With better understanding of customers' perceptions, the banks can determine the actions required to meet the customers' needs. They can identify their own strengths and weaknesses, where they stand in comparison to their competitors, chart out path future progress and improvement.
2. Today, customer contacts take place via a variety of channels. Email and Internet services, such as Web portals, have joined the ranks of more traditional methods such as phone, letters and fax. State-of-the-art technology makes it possible to coordinate all communications across all touch points via the Multi-Channel Contact Center. At the same time, the new approach improves in-house quality management.
3. The private sector banks must also work to improve their Relationship Marketing systems. Though they have fared better than public sector banks in terms of the different dimensions of Relationship Management, they still have to improve their systems especially in terms of Relationship Quality.
4. The biggest change that is required is that of top management. The greatest challenge for the top management is to install among its employees, a deep sense of commitment towards the customers. In order to foster a customer-centered organizational culture, top management must be customer-focused and convey that attitude to employees. Employees, in turn, must be trained in customer service. Firms can offer incentives to encourage good service, but they must also empower employees to address customer concerns this will not only help to improve customer service, but also make employees more satisfied with their work.
5. Reactive Marketing requires a drastic change in organizations. Firms may have to move from processing customers in groups to serving individual needs. To do so, the organization must be redesigned and decentralized, giving line managers the chance to respond to customer issues. Other changes in policies and procedures to improve the way in which customer needs are addressed may also be needed. Human resource policies

should focus on encouraging employees to build relationships. Employees should be encouraged to consider the long-term effects of how they treat customers, rather than viewing the customers as a onetime buyer. Salespeople, in particular, play a key role in developing customer service that leads to loyalty.

6. The findings clearly show that the interaction practices are not effectively implemented in public sector banks. The poor implementation of interaction practices in public sector banks is reflected in the poor perception of Conflict-handling, Bonding, and Communication dimensions, and has resulted in poor Customer Satisfaction. Thus, the public sector banks must work hard to improve their Relationship Management systems.
7. Along with these changes, organizations need to establish an effective customer service system that not only responds to customer complaints, but also encourages customers to complain. Such a service quality information system enables managers to hear and understand customer complaints, track performance, reward good service and determine what is important to customers. There are some limitations in the present study.
8. In addition, the Contact Center's tasks include the implementation of new customer-contact channels, in particular via social networks. All of these requirements necessitate the re-engineering of customer-service processes, and, at the same time, the re-design of the Contact Center's infrastructure. The answer is T-Systems' Customer Interaction Management (CIM) offering. This is comprehensive and scalable in nature, comprising hardware, software, and licenses, plus operation and maintenance of the Contact Center. Modules include HR deployment planning, a voice dialog system and workflow-centric document management. Interfaces for existing applications and integration of back-office systems round out the CIM package.

## SUGGESTIONS

1. Driving up-sell and cross-sell opportunities using both inbound and outbound events. Incorporating a feedback model to calculate the effectiveness of models over macro and micro dimensions.
2. Treating the customers and manages customer relationships is a key differentiator and is critical to succeeding in highly competitive and dynamic environments. The solution

proposed in this paper addresses three important aspects of customer interaction management: maintaining customer relationships using relationship events over time.

3. Customer data to be distributed across multiple systems. Combines rules, policies, inference, and analytics – both statistical and probabilistic -to produce complex models of reasoning via events, customer data, time, and analytics.
4. Leverages existing investment in data mining tools such as SAS, SPSS, and others. Handles the low latency requirements of real-time customer interactions with sophisticated caching techniques Provides flexibility, scalability, and high availability.
5. The advantage to have a good architecture describes about your organization and manages inbound and outbound interactions in a consistent manner to present a unified, real-time view of each customer.
6. Architecture for effective customer interaction management is necessary for private and public sector banks. By tracking customer interactions, capturing other vital, non-traditional customer events that help flesh out the customer profile – birth of a child, starting or ending school, landing a first job, getting married, renting a house, purchasing a new car, moving, changing a job, buying a house – and responding with relevant offers and services, banks have an opportunity to extend the customer relationship and demonstrate that the customer is the bank's most important asset.

## CONCLUSION

Organizations wishing to establish or improve trust can do so by focusing on the five fundamentals – openness, communication, decision-making, integrity and competence. Developing these skills in your managers and leaders will drive a more effective and productive organization. A focus on these five fundamental skills is particularly important amongst first line managers and the middle managers who manage them. Front-line managers lead the teams that embody the organization for customers. Improving trust at this level, where it is currently at its lowest, will have a major bearing on organizational performance. Targeting time and resources to developing managers through work based learning is a powerful way of helping to build trust, focusing on the core skills identified by this report that drive a more open, communicative and productive workforce.

## REFERENCES

- [1]. Almosawi, M. (2001). Bank selection criteria employed by college students in Bahrain: An empirical analysis. *International Journal of Bank Marketing*, 19 (3), 115-125. 2. Achumba, I. C. (2006).
- [2]. *The Dynamics of Consumer Behaviour*, (New ed.). Lagos: Mac – Williams. 3. Bansal, Ipshita and Sharma, Rinku. (2008). *Indian Banking Services: Achievements and challenges*.

