

Critical role of relationship for unfamiliar banking products

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Abstract

This paper aims to explore factors affecting the decision making of consumers for investing in unfamiliar banking products. Capital protected funds are the subject of this study. The study analyses the consumers' investment in capital protected funds and its preceding factors among 160 bank consumers in Turkey selected judgmentally. The data of this descriptive study is collected by a structured questionnaire. Revisiting the relevant literature, four constructs (consumer's perceived service quality of customer relationship manager, consumer's perceived brand trust, consumer's risk tolerance and consumer's financial literacy) were analyzed to be the main factors affecting capital protected fund investment. The results show that perceived service quality of customer relationship managers is the only significant factor affecting the investment in capital protected funds. As an implication, banks should invest on customer relationship management policies emphasizing the optimization of customer relationship managers' service quality levels.

Keywords: Capital Protected Funds, Structured Products, Service Quality, Brand Trust, Risk Tolerance, Financial Literacy.

JEL Classification: M30, M31.

Özet. Alışılmamış bankacılık ürünleri için ilişkinin kritik rolü

Bu çalışma tüketicilerin alışılmamış bankacılık ürünlerine yatırım yapmaları esnasındaki karar verme süreçlerini etkileyen faktörleri incelemeyi amaçlamaktadır. Çalışmanın konusu olarak anapara korumalı fonlar seçilmiştir. Çalışma kapsamında Türkiye genelinden yargısal örneklem methodu ile seçilen 160 banka müşterisinin anapara korumalı fonlara yaptıkları yatırımlar ve bu yatırımlara şekil veren faktörler incelenmektedir. Bu betimleyici çalışma için gerekli olan veri yapılandırılmış anketler vasıtası ile toplanmıştır. Yapılan yazın taramasının ardından dört adet değişken (tüketicilerin algıladığı müşteri ilişkileri yöneticilerinin hizmet kalitesi, tüketicilerin algıladığı marka güveni, tüketicilerin risk toleransı, tüketicilerin finansal okur yazarlığı) anapara korumalı fon yatırımını etkileyen başlıca faktörler olarak analiz edilmiştir. Yapılan analizler sonucunda; tüketicilerin algıladığı müşteri ilişkileri yöneticilerinin hizmet kalitesi, anapara korumalı fon yatırımını etkileyen tek anlamlı faktör olarak saptanmıştır. Bu bulgu bankaların, müşteri ilişkileri yöneticilerinin hizmet kalitesini en iyi hale getirmesini sağlayacak müşteri ilişkileri yönetimi politikalarına yatırım yapmaları konusunun öneminin altını çizmektedir.

Anahtar Kelimeler: Anapara Korumalı Fonlar, Yapılandırılmış Ürünler, Hizmet Kalitesi, Marka Güveni, Risk Toleransı, Finansal Okur Yazarlık.

JEL Sınıflaması: M30, M31.

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Introduction

Up to recent times, consumers had limited options for investment in financial markets, like stocks, bonds and deposits. Along with the change in consumers' needs and choices, banks started to launch different types of financial products. Firstly, derivatives like options and futures arose, and then structured products were introduced to consumers for more unique needs. Structured products can be defined as combination of traditional financial products and derivatives, engineered in order to widen the range of investment opportunities for institutional and retail investors (Das, 2001).

Main subject of this study is capital protected funds (CPFs) as a type of structured products, that the consumers are generally unfamiliar. CPFs are closed-end mutual funds, which have limited number of shares and allow investors to pool their investments in a more diversified portfolio (Ray, 2006). Most of the CPFs are in an option-based structure (Godden, 2002). These funds are tailored mostly to meet the needs of consumers who want both downside protection in market conditions in which prices are rising, and upside participation in market conditions in which prices are falling (Bernard, Boyle, & Tian, 2007). Since most of the banks assume that their customers are loss averse investors (Roger, 2008), and as CPFs provide capital protection to their investors, the demand for these funds rises.

CPFs became popular in Turkish bank market since 2007, the time of launch. Volume of CPFs sold and consumers who bought CPFs have been increasing until today. At present, there are 106 active CPFs in Turkish market, which had been launched by 14 different banks and had been bought by 121.970 investors in 3.240.372.879 TL volume (Capital Markets Board of Turkey, 2011). This study aims to explore the factors affecting the Turkish bank consumers' investments in unfamiliar banking products, specifically in CPFs, a type of structured products. Most of the academicians and financial managers believe that the major reason of 2007 crises was structured products (Lang and Jagtiani, 2010) underlying the significance of this study. The study investigates factors affecting the decision making process of investors while investing in CPFs. Majorly, this study contributes to financial services marketing literature regarding adoption of tailor made, complex and unfamiliar financial products, as well as to the consumer behavior literature about consumers' decision making regarding 'tailor-made' products generally.

Consumer Investment Decision Behavior in Financial Services Markets

In the literature review, consumer investment process in financial services, antecedents of investment to structured banking products, specifically CPF

investment are analyzed and the model for the research of this study is introduced.

Beckett dealt with consumer buying behavior in financial services by two different studies (Beckett, 2000; Beckett, Hewer, & Howcroft, 2000). In first study, Beckett (2000) analyzed the consumer purchasing behavior variations between financial instruments by dividing them into two groups (investment – general). At the end of his study, he reached two conclusions; financial institutions should not organize same marketing activities for both investment and general products, and financial firms should understand their consumers' behaviors while interacting with them. All in a word, Beckett (2000, p.206) suggested financial institutions to avoid 'all things to all people' approach and construct a marketing strategy that depends on 'providing a broad range of financial instruments to all types of customers through all distribution channels'. Structured products, being tailor-made for unique needs, therefore are popular as they fit to the needs of investor consumers. For the effectiveness of customization, CPFs, as the subject of this study, are distributed mostly through customer relationship (CR) managers in bank branches. Therefore "*perceived service quality of CR managers*" is considered for the model of this study. And since trust can be seen as a response to uncertainty and risk (Zineldin, 1995) facilitating relationship processes (Anderson & Narus, 1990), "*perceived brand trust*" is also considered in the model.

In the literature there is lack of study about consumer investment in CPFs. Basing on the studies about structured products in general, two different constructs are determined that may affect consumer investment decision making process of CPFs; financial literacy of consumers and consumers' financial risk tolerance. In most of the studies about structured products, authors tested pricing behavior of financial institutions about structured products (Chen & Kensinger, 1990; Chen & Sears, 1990; Chen & Chen, 1995; Wasserfallen & Schenk, 1996; Milevsky & Kim, 1997; Burth, Kraus, & Wohlwend, 2001; Szymanowska, Horst, & Weld, 2003; Wilkens, Erner, & Röder, 2003; Grunbichler & Wohlwend, 2005; Benet, Giannetti, & Pizaris, 2006; Entrop, Scholz, & Wilkens, 2007; Hernández, Lee, & Liu 2007; Wilkens & Stoimenov, 2007). All of these studies found out that; there were misvaluations in the pricing of structured products and most of the structured products were priced at consumers' disadvantage. But investors were not aware of these misvaluations since these products had a complex structure. In some other studies (Baubonis, Gastineau, & Purcell, 1993; Edwards & Swidler, 2005), the performances of structured products were taken into account, which revealed that; investing in structured products may not be the best investment solution for an investor. Concluding that financial knowledge is an advantage for consumers for investment to unfamiliar banking offers,

“*financial literacy*” is augmented into the model of this study. In a more specific study Roger (2008) found that Capital Protected Notes (CPNs), as popular structured products are attractive for loss-averse investors. Therefore consumers’ *financial risk tolerance* is also added into the model as another construct.

Reviewing the literature, a theoretical model is constructed. The study proposed that CPF investment is affected by four main factors; consumers’ perceived service quality of CR managers, consumers’ perceived brand trust, consumers’ financial literacy and consumers’ risk tolerance (figure 1).

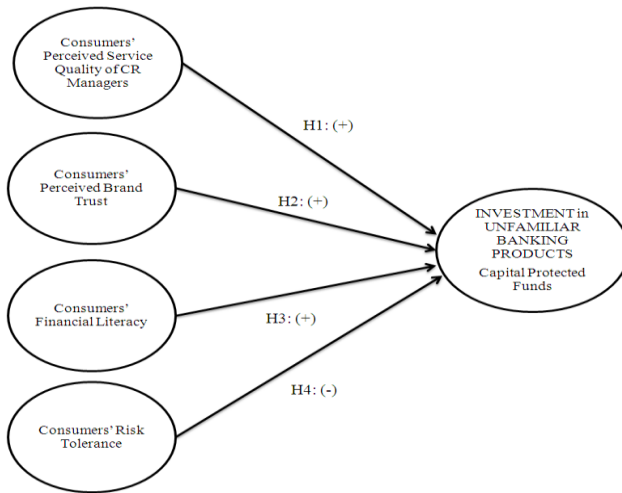


Figure I Theoretical model of the study

Consumers’ Perceived Service Quality of Customer Relationship Managers

Although it is agreed by academicians and practitioners that service quality is needed for competitive advantage (Lassar, Manolis, & Winsor, 2000), for behavioral intentions of customers (Özkan -Tektaş, 2011), for customer satisfaction (Spreng & Mackoy, 1996), for customer loyalty (Palmer & Cole, 1995; Zahorik & Rust, 1992), shortly for success in the marketplace, it still remains somewhat a vague term (Stafford, 1996). Until today different definitions and measures have been introduced about service quality. Within all different service quality measurements in the literature, SERVQUAL model (Parasuraman, Zeithaml, & Berry, 1988) is one of the most widely utilized. This model can basically be defined as the gap between customers’ expectations of service and their perceptions of the service experience and includes five dimensions as tangibles, reliability, responsiveness, assurance, and empathy (Parasuraman et al., 1985, 1988, 1991).

Like all service industries, service quality remains as a competitive tool in financial services (Stafford, 1996). Bennett and Higgins (1988) evaluated service quality as a competitive edge in financial services, where Easingwood and Storey (1993) asserted that total quality is the most important factor in the success of financial services. In all the studies above, service quality of financial institutions are considered as a whole but in this study, since CPFs can be assessed as new and complex unfamiliar products and are distributed through CR managers in bank branches, service quality is narrowed down to services of CR managers.

H_1 : Consumers' CPF investment is positively related to consumers' perceived service quality of CR managers.

Consumers' Perceived Brand Trust

For consumers, brand is a signifier of trust (Öztürk, 2006). Maintenance of a long term relationship between customer and brand requires trust to divert the customer from rival brands (Karaçuha, Özer, Arasil, Aydın, 2004). To draw a more wholesome model to explain the potential determinants regarding investing in CPFs, trust to brand, in this case it is the bank, is also considered as another construct. Trust is a key issue for building relationship marketing (Morgan & Hunt, 1994). According to Delgado-Ballester, Munuera-Aleman, and Yague-Guillen (2003), trust can be viewed as the most desired quality dimension in a relationship and it is the most important feature that any brand can own. Trust leads to a quite high probability that performed buying actions will result in positive, or at least non-negative, outcomes for the exchange. Some researchers in the literature observed role and function of trust in banking and other financial services (Knights, Noble, Vurdubakis & Willmott, 2001; Tyler & Stanley, 2007; Zineldin, 1995). Johnson and Grayson (2005) suggested that, trust has a modest impact on financial service relationships, where Knights et al. (2001) accepts financial services as a business of trust. According to Zineldin (1995), since banking services may involve more risk and uncertainty than other businesses, trust can be evaluated as the dominating factor in banking. Lastly, Tyler and Stanley (2007) suggested that financial services markets are characterized by high levels of trust. Considering consumer's search for confidence, brand trust is proposed to positively affect consumers' CPF usage.

H_2 : Consumers' CPF investment is positively related to consumers' perceived brand trust

Consumers' Financial Literacy

Bernheim (1995, 1998), Lusardi and Mitchell (2006) discussed that consumers don't have adequate financial literacy to make financial decisions. Lusardi (2008) asked if financial literacy matters to make financial decisions or consumers may invest by the help of other people. Studies like Hilgert,

Hogarth and Beverly (2003), Kimball and Shumway (2007) and Rooij, Lussardi and Alessie (2007) confirmed that there is a positive association between financial knowledge and consumer investment decision-making.

In this study, it is proposed that consumers' financial literacy is associated with their CPF investment positively because adequate financial literacy is needed in order to invest in a financial product, especially to an unfamiliar one. Since CPFs can be categorized as unfamiliar products because of their characteristics, consumers with adequate financial literacy are more likely to invest in CPFs.

H_3 : Consumers' CPF investment is positively related to consumers' financial literacy

Consumers' Risk Tolerance

Risk, defined as the willingness to engage in 'behaviors in which the outcomes remain uncertain with the possibility of an identifiable negative outcome' (Irwin, 1993, p. 11) is a major subject in a range of disciplines, like economics, sociology, finance, psychology and marketing. Investors and academicians have been interested with this subject for hundreds of years (Bernstein, 1993). Financial risk tolerance can be defined as the maximum amount of uncertainty that someone is willing to accept when making a financial decision (Grable, 2000). It provides unique insights into risk-taking attitudes and behaviors (Grable & Joo, 2004), and it is assumed to be a fundamental issue underlying a number of financial decisions (Grable & Lytton, 1999). As mentioned earlier in this study, the characteristics of CPFs are suitable for loss averse investors (Roger, 2008).

H_4 : Consumers' CPF investment is negatively related to consumers' risk tolerance

Method

The current study utilized a cross-sectional design comprising several self-report measures. In the analyses, SPSS is used for exploratory factor analysis and AMOS is used for confirmatory factor analysis.

Participant Sample

The data were collected through a structured questionnaire applied to 160 bank customers in Turkey, selected through convenience sampling. Among participants, 55% are male, 68% of participants are married, %69 have a monthly income more than 3.000 TL and 84% of them holds university, master or Ph.D. degree. The participants' ages range between 24 and 74, (mean age=42, standard deviation=12.7). Further demographic information about participants is presented in Table I.

Table I Profile of participants (n=160)

Gender		Marital Status	
	%		%
Female	51.8	Single	32.5
Male	48.2	Married	67.5
Education		Income	
	%		%
Primary	3.1	0-1000 TL (Lower)	3.1
Secondary	1.9	1001-3000 TL (Middle Lower)	22.5
High school	11.2	3001-5000 TL (Middle)	32.5
University	66.3	5001-10000 TL (Middle Upper)	32.5
Master Degree	15	More than 10000 TL (Upper)	9.4
Ph.D. Degree	2.5		

Measures

Measure of each construct in the model of the study was developed after reviewing different measures used in the literature.

Perceived brand trust: Delgado-Ballester et al.'s Brand Trust Scale (2003) is utilized to measure perceived brand trust. As Delgado-Ballester et al. (2003) stated in their study, trust to a bank is conceptualized as 'a feeling of security held by the consumer in his/her interaction with the brand, that it is based on the perceptions that the brand, as a personified entity, is reliable and responsible for the interests and welfare of the consumers' (p. 35)

Perceived service quality: In order to measure perceived service quality of CR managers, Parasuraman et al.'s SERVQUAL scale (1988) is used for the study. Service quality of CR managers, focusing their concentrated effort towards the customer, were measured covering CR managers' reliability, assurance, empathy and responsiveness dimensions.

Financial literacy: In the literature, different methods were used to measure financial literacy of consumers. Rooij et al. (2007) designed two sets of questions to measure and evaluate financial literacy. First set of questions aimed to assess basic financial literacy of consumers and contained basic financial questions. Second set of questions aimed to measure more advanced financial knowledge and consisted of more advanced financial questions than first part. This measuring technique can be classified as more advanced when it is compared with other techniques. Lusardi and Mitchell (2006) tried to measure financial literacy of consumers by relying on only three questions, and in a more crude technique, Stango and Zinman (2007) rely on only

one question. In this study, consumers' knowledge level about 16 different financial products were questioned in order to measure their financial literacy. In this construct, participants are being asked how much knowledge they have about the related financial product.

Financial risk tolerance: Assessment of financial risk is difficult since risk taking is subjective (Grable, 2000) and it can be affected by a number of factors (Trone, Allbright & Taylor, 1996). Hanna, Gutter and Fan (2001) analyzed financial risk tolerance under four approaches; asking about investment choices, asking a combination of investment and subjective questions, assessing actual behavior, and asking hypothetical questions. First approach was executed in this study, asking 6 questions about the investment choices in order to determine the risk tolerance level over three risk levels; low, medium and high.

All of the four constructs were questioned by six-point Likert scales.

CPF investment: The dependent variable CPF investment is measured by the single question, which is 'how much portion of portfolio can a customer reserve for CPFs', answered on a ratio scale basis.

Data Analysis and Results

Since the aim of this research is to detect the factors affecting consumer decision making for investing in CPFs, firstly, an exploratory factor analysis (EFA) is conducted in order to identify the underlying structure of the questions. Through EFA, appropriateness of data for conducting factor analysis is tested via Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett Test of Sphericity (Sharma, 1996) and these tests provided statistical probability that the correlation matrix had significant correlations among variables indicating shared variance (see Table 2). Further Principle Component Analysis and Varimax Rotation are applied. Factors with eigen values over one were retained and single item that loaded on a factor and items with factor loadings below 0.50 were excluded (Hair, Anderson, Rolph, Tatham & Black, 1998; Netemeyer, Bearden and Sharma, 2003).

EFA analysis results show that; perceived service quality of CR managers, perceived brand trust and risk tolerance are uni-dimensional constructs, whereas financial literacy construct has two factors. These factors are named as financial literacy for familiar products and financial literacy for unfamiliar products. After determining factor loadings and total variance explained, in order to test the internal consistency of factors, Cronbach's coefficient alpha reliabilities are computed. Literature (DeVellis, 2003) suggests accepting 0.70 as the lower limit. All of the factors revealed have reliabilities higher than 0.70 (Service quality of CRM = 0.982, brand trust = 0.977, risk tolerance = 0.744, financial literacy for familiar products = 0.859 and financial literacy

for unfamiliar products = 0.958)

The results of EFA, items under each factor and factor loadings are presented (Table II).

Table II Antecedents of CPF Investment Exploratory Factor Analysis (EFA) Results

Factors	Factor Questions	Factor loadings	Variance explained	Reliability
Perceived Service Quality of CR Manager	My RM understands my specific needs	0.894	80.190	0.982
	My RM gives me prompt service	0.904		
	My RM tells me exactly when services will be performed	0.895		
	I feel safe in my interactions with my RM	0.891		
	My RM gives me individual attention	0.936		
	My RM is always willing to help	0.904		
	My RM has my best interests at heart.	0.906		
	The behavior of my RM instills confidence in me.	0.906		
	When I have a problem, my RM shows a sincere interest in solving it	0.928		
	When my RM promises to do something by a certain time, he/she does so	0.883		
	My RM insists on error-free records	0.846		
	My RM is dependable	0.846		
	My RM provides his/her services at the time it promises	0.907		
	My RM has the knowledge to answer my questions	0.871		
My RM is never too busy to respond my requests	0.909			
(KMO=0.961, $\chi^2_{\text{Bartlett test}} = 3302.405(105), p=0.000$)				
Perceived Brand Trust	With my bank's brand I obtain what I look for in a product/service	0.882	82.764	0.977
	My bank is a brand that meets my expectations	0.915		
	I feel confidence under my bank's brand name	0.860		
	My bank is a brand that never disappoints me	0.919		
	My bank is a brand name that satisfy my needs constantly	0.930		
	My bank is a brand that would be honest and sincere in addressing my concerns	0.931		
	My bank is a brand that would make any effort to satisfy me	0.928		
	I could rely on my bank's brand to solve the problem	0.890		
	My bank's brand would be interested in my satisfaction	0.933		
	My bank's brand would compensate me in some way for the problem with the product and/or services	0.907		
(KMO=0.945, $\chi^2_{\text{Bartlett test}} = 2169.714(45), p=0.000$)				
Risk Tolerance	I wish to have higher level of return by taking higher risk	0.892	79.623	0.744
	I usually invest in instruments like a type mutual funds, stocks, derivatives and structured products	0.892		
(KMO=0.500, $\chi^2_{\text{Bartlett test}} = 68.096(1), p=0.000$)				
Financial Literacy for Familiar Products	Foreign Exchange	0.808	55.113	0.859
	Gold	0.738		
	Mutual Fund	0.740		
	REPO	0.776		
	Deposit	0.717		
	Stock	0.667		
	Treasury Bond	0.743		
(KMO=0.856, $\chi^2_{\text{Bartlett test}} = 440.764(21), p=0.000$)				
Financial Literacy for Unfamiliar Products	Future	0.872	76.168	0.958
	Option	0.898		
	Warrant	0.880		
	Turkdex	0.911		
	DCD	0.897		
	Forward	0.909		
	Capital Protected Fund	0.826		
	Range Accrual	0.850		
	Eurobond	0.805		
	(KMO=0.916, $\chi^2_{\text{Bartlett test}} = 1566.510(36), p=0.000$)			

To validate the factors proposed by EFA and investigate the dimension structure more deeply, a confirmatory factor analysis (CFA) is conducted

using AMOS 4.0 program. In the CFA analysis, five constructs determined by EFA are analyzed with the dependent variable, which is CPF investment. Results of CFA showed that among five constructs only perceived service quality of CR managers is found significant and model is fit (Table III).

Table III Fit measures, construct reliability and validity

Fit Measures		CR		AVE	
χ^2	335.530	$\rho_{\zeta_{F1}}$	0.98	$\rho_{vc\zeta_{F1}}$	0.79
df	104				
p value	0.000				
NFI	0.904				
CFI	0.931				
RMSEA	0.10				

CR=Construct Reliability; AVE=Average Variance Explained

Perceived service quality of CR manager is found to be positively related to CPF investment as is supported by studies in the literature (Bennett & Higgins, 1988; Easingwood & Storey, 1993; Stafford, 1996). This finding may bring an answer to Lusardi's question (2008, p.16); 'is financial literacy matter to make financial decisions or consumers may invest by the help of other people?' Yes, consumers may invest by the help of other people, especially if they have competent and dependable CR managers.

Although trust is specified as an important factor generally in financial services (Knights et al., 2001; Tyler & Stanley, 2007; Zineldin, 1995), the findings of this study show that "perceived brand trust" is not a significant determinant of consumer decision making for investing in CPFs. Delgado-Ballester et al. define brand trust as 'feeling of security held by the consumer in his/her interaction with the brand, that it is based on the perceptions that the brand is reliable and responsible for the interests and welfare of the consumer' (2003, p.11). Besides the findings also show that consumer's risk tolerance and consumer's financial literacy are not significantly related with CPF investment. Bernheim (1995, 1998), Lusardi and Mitchell (2006) state that consumers don't have adequate financial literacy to choose among structured products, thus their decision making process is not affected by their financial knowledge level. As long as consumers don't have adequate financial literacy to decide investing in CPFs, it can be told that; their risk tolerance also becomes ineffective. For this reason, although Roger (2008) asserts that capital protected products like CPFs are convenient for loss averse investors, consumers without adequate financial literacy cannot evaluate the risk level of a structured product, so their risk tolerance can be inoperative. It can be

concluded that the perceived service quality of CR managers overcome not only the overall suspicion about brand trust but also about low knowledge of product and high risk perception of bank consumers.

Martenson (2008) finds that CR managers influence loyalty in different levels among bank consumers, thus the impact is higher for high elaborators (higher knowledge and motivation to process market information) than for low elaborators. In order to determine the differences between consumers in this study, respondents are also asked if they had invested in CPF before and 50% of respondents answered this question as 'yes'. To reveal the differences between two groups of consumers, thus consumers who invested to CPF before and consumers who didn't invest in CPF before, independent sample t-test analysis is conducted (Table IV).

Table IV Independent sample t-test results

Dimensions	Invested in CPF?	N	Mean	Std. Deviation	t	df	Sig.																																												
Risk Tolerance	Yes	80	3.6750	0.96160	6.462	154.096	.000																																												
	No	80	2.7625	0.81898				Service Quality of CR Manager	Yes	80	5.4092	0.65798	16.367	147.963	.000	No	80	3.4292	0.85900	Brand Trust	Yes	80	5.2025	0.64356	13.305	144.741	.000	No	80	3.5813	0.87960	Fin.Lit.for Familiar Product	Yes	80	4.4893	0.87763	7.136	157.039	.000	No	80	3.5357	0.81147	Fin.Lit.for Unfamiliar Product	Yes	80	2.7653	1.40033	7.574	116.994	.000
Service Quality of CR Manager	Yes	80	5.4092	0.65798	16.367	147.963	.000																																												
	No	80	3.4292	0.85900				Brand Trust	Yes	80	5.2025	0.64356	13.305	144.741	.000	No	80	3.5813	0.87960	Fin.Lit.for Familiar Product	Yes	80	4.4893	0.87763	7.136	157.039	.000	No	80	3.5357	0.81147	Fin.Lit.for Unfamiliar Product	Yes	80	2.7653	1.40033	7.574	116.994	.000	No	80	1.4361	0.70888								
Brand Trust	Yes	80	5.2025	0.64356	13.305	144.741	.000																																												
	No	80	3.5813	0.87960				Fin.Lit.for Familiar Product	Yes	80	4.4893	0.87763	7.136	157.039	.000	No	80	3.5357	0.81147	Fin.Lit.for Unfamiliar Product	Yes	80	2.7653	1.40033	7.574	116.994	.000	No	80	1.4361	0.70888																				
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While the confirmatory factor analysis is in accepted level only for perceived service quality of CRM, in order to understand more about Turkish consumers' decision-making process of CPFs, mean levels of each construct are compared for both customers who have invested in CPF before and who didn't invested in CPF before. As a result of that comparison, we have found that; customers who have invested in CPF have higher mean level in terms of risk tolerance, service quality of CR manager, brand trust, financial literacy for familiar product and financial, literacy for unfamiliar product than customer who didn't invested in CPF before.

In banking sector, CRM must be structured targeting to accumulate deep knowledge and understanding about the differences in needs of customer to ensure that each individual customer gets what he expects from the service provider. Halstead, Johns, Lesseig and Smythe (2008) suggest that investors should seek to find an adviser with a high level of customer orientation to guarantee maximizing long-term wealth. This implies that financial literate consumers, who trust their banks and depend on their CR manager's guidance,

may be evaluated as potential customers for CPFs. Thus CR managers of banks deliver considerable financial benefits and facilitate improvement of their customers' experience with every interaction, while building up further customer trust and ultimate loyalty.

Conclusion and Implications

This study is a pioneering study dealing with behaviours of structured products' customers, specifically consuming CPFs. Revising the relevant literature, four constructs (consumer's perceived service quality of CR manager, consumer's perceived brand trust, consumer's risk tolerance and consumer's financial literacy) are considered within the frame of a research model constructed to determine factors affecting investment of consumers in CPFs. CFA results show that, only perceived service quality of CR manager is a significant determinant of CPF investment. This study proposes that, complex and unfamiliar products like CPFs can be sold through dependable and competent CR managers who offer high level of service quality to their customers. CRM is a notable business strategy to identify the most profitable customers and prospects, moreover commit attention to relationships with those customers through understanding, anticipating, managing their demands by individualized marketing and customized service. Today, many banks realize the vitality of CR managers for acquiring new customers, retain existing ones and maximizing their lifetime value. Maintaining long term relationships with customers has become a vital modality of competitive differentiation for most of the companies. Increasing numbers of companies become customer-centric and derive revenue from the creation and enhancement of long-term relationships with their customers (Coussement & Van den Poel, 2008). Since CPFs have long maturities like 1 year, 2 years or above, they enable banks to create and retain such relationships, in return likely cause an increase in Customer Lifetime Values (CLV)s of the banks. CLV is defined as the present value of the future cash flows associated with a customer (Pfeifer et al., 2005), and in the banking sector marketing of CPFs is an effective tactic to increase it, adding up to total profits.

The t-test analysis reveals the differences among consumers who invested in CPFs before and the ones who did not invest. By understanding which customers to target through what kind of offerings and communications banks can take efficient marketing decisions. Through developing sound insights about individual customers, banks can increase satisfaction and drive sales.

This insight is more critical nowadays as banks experience tremendous struggles since the start of the global economic crisis, in maintaining existing customer relationships. The cumulative acknowledged credit losses for financial institutions worldwide since the beginning of the financial crisis in

August 2007 have been \$1.11 trillion (Acharya, Gujral, & Shin, 2009). By 2009, annual global output growth decreased by more than 10 percentage points, annual trade volumes contracted more than 30 per cent. Indicators of consumer and business confidence for both the United States and the Euro area dropped to their lowest levels in more than two decades (Cecchetti, Kohler, & Upper, 2009; Nanto 2009). The carry over effect of the crisis still continues along with cumulating social problems. People feel insecure and thrown over by a system and by institutions that was the symbol of guards of their assets (Gritten, 2011). Globally, banks are entering a new era of regulatory and political intervention, besides heightened social expectations of a more responsibility. Now rebuilding trust is an important challenge for banks. Recently Ennew, Kharouf and Sekhon (2011) find that contrary to expectations, risk-taking is not an important predictor of loyalty in financial services of today's markets, since all banks are perceived as equal trustable and trust is not a distinguishing factor anymore among the brands in most of the regulated bank markets. On the other hand the crisis is expected to affect customers' perceptions for the new and complex unfamiliar offerings of banks and the way that they interact with consumers. As banks respond to these pressures across markets their managers realize that the marketing strategy must lie on the creation of mutual value for all parties involved. Banks struggling for competitive advantage must recognize that the challenge remains extending existing customer relationships beyond transactions. Banks now need to deliver a more efficient, customer-focused and high quality service than ever. Thus banks can turn CRM into a key competitive advantage. Bank CR managers may develop cohesive approaches to the development of tailored offerings that will help to improve brand perception.

This study shows that; when unfamiliar products like the recently launched CPFs are the issue; banks should strengthen their front line by putting more emphasis on their CRM policies, processes, and optimization of CR managers' service quality levels. Since CPFs can be assessed as complex products, consumers who tend to buy these products firstly search for confident relationship. Dependable and competent CR managers may ensure this confidence. Furthermore, the results display that CPF investors may be categorized as more sophisticated investors who have higher confidence level with their bank transactions and perceive more satisfactory level of service in their banks when they are compared to ones who don't invest in CPFs. As a direction for further research same model should be revealed by data collected from participants who can be evaluated as sophisticated investors since understanding structured products like CPFs were found to require high level of financial literacy in a further research.

Limitations and Suggestion for Further Studies

Sampling method embraced in this study can be evaluated as a limitation. It is recommended for further studies to use probabilistic sampling method such as determining sample from the list of customers of the banks by embracing probabilistic sampling or selecting sample judgmentally by reaching the bank customers who had used structured products before.

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