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Research Article

ASSESSMENT OF THE ACTIVITY OF COMMERCIAL BANKS FROM THE CUSTOMER'S POINT OF VIEW

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ABSTRACT

The article explores the scientific and theoretical aspects of evaluating the effectiveness of marketing activities of commercial banks. A methodological approach to evaluating the activities of commercial banks from the customer's point of view is proposed. The impact of the types of services offered by the bank on the development of customer relations in commercial banks was assessed. Based on the results obtained, the level of customer relations in commercial banks was assessed.

KEYWORDS

Banking, bank marketing, relationship marketing, NPS, CR, CSI, FCR, plastic cards, depository, loans, internet banking, mobile banking, Balanced Scorecard (BCT), Path analysis.

INTRODUCTION

In the Republic of Uzbekistan, a modern two-tiered banking system has been created that conforms to world standards. Based on the Decrees, Decisions of the President of the

Republic of Uzbekistan, and the Decisions of the Cabinet of Ministers of the Republic of Uzbekistan on the further liberalization and reform of the national banking system, importance is attached

to the universalization of their activities in order to increase the liquidity of commercial banks and increase their role in regulating the financial market, to activate and strengthen the environment of healthy competition between commercial banks. In particular, by the beginning of 2021, the ratio of bank assets to GDP in the Republic was 63.1 percent, and loan deposits were 47.7 percent, ensuring stability compared to 2020. [15]

The draft Decree of the President of the Republic of Uzbekistan, which provides for the approval of the development strategy of the new Uzbekistan for 2022-2026 and the "roadmap" for its implementation in 2022, the Decree of the President of the Republic of Uzbekistan dated March 21, 2020 No. on measures in the field of banking", Decree No. PF-5992 of May 12, 2020 "On the strategy of reforming the banking system of the Republic of Uzbekistan for 2020-2025", Decree of the President of the Republic of Uzbekistan No. PQ-3620 of March 23, 2018 "Making Bank Services Popular "On additional measures to increase" on September 12, 2017 No. PQ-3270 "On measures to further develop and increase the stability of the banking system of the Republic" Decisions of the Central Bank of the

Republic of Uzbekistan and other regulatory documents on customer-oriented principles of commercial banks a number of strategic directions aimed at ensuring its operation have been defined. In solving these tasks, evaluating the efficiency of commercial banks from the customer's point of view is considered an urgent task.

The competition in the financial services market and the rapid penetration of innovative technologies into banking practice require the development of development strategies taking into account all factors for their long-term development in the market. In order to survive in the competition, commercial banks should develop targeted marketing strategies and implement them effectively. For the same reason, there is a need to evaluate the efficiency of commercial banks. The main directions of development of modern banking services in Uzbekistan are effective implementation of "bank-client" principles. In the country, many studies aimed at improving the stability and liquidity of banks through the use of modern marketing strategies are being conducted. The policy of working with customers of commercial banks, conducting research aimed at turning a

consumer into a customer, a customer into a buyer, and a buyer into a permanent customer, and determining the theoretical and methodological aspects of their use, has emerged as a necessary condition for every bank.

2.Literature review

The method of evaluating the economic activity of commercial banks based on the CAMELS rating system N.A. Karabaev. was studied by, and it implies evaluation based on the factors consisting of the initial letter of the analyzed components in the banking activity. They are C – (Capital adequacy) Capital adequacy; A – (Assets quality) Quality of assets; M – (Management) Management ability; E – (Earning) Profitability; L – (Liquidity) consists of liquidity components; S – (Sensitivity to risk) Sensitivity to risk. [1]

The advantages and specific features of the system of using the system of evaluating the efficiency of commercial banks' activity, which is used by international rating agencies, with the instructions of the Central Bank of the Republic of Uzbekistan Ergash R. scientifically justified in his studies.[2]

The idea of evaluating the effectiveness of banking activity using a balanced indicator

system (hereinafter - BKT) based on the concept of management (Management by Objectives, MVO) was recommended by Peter Drucker in 1954. In contrast to analyzes based on the principles of tasks (Managing by Tasks, MBT), processes (Business Process Management, BPM) and rules/instructions (Systems & Procedures, S&P), Drucker suggests that commercial banks should be evaluated based on a target approach. [3] Thus, the concept of an organizational and systematic approach that allows management to focus on strategic goals allows identifying the strengths and weaknesses of strategic management.

Strategic management requires an accurate assessment of the overall performance of the bank, which requires an assessment based on the balanced scorecard system (BSK). [4]

The positive impact of ICT implementation on business has been proven by studies, according to which 80% of companies using ICT demonstrate a higher revenue growth rate than the industry average. [5] In addition, according to the results of a study conducted by the American Institute of Management Accountants, the evaluation of the effectiveness of the management's internal management system in companies that use BKT

approaches is one step higher (on a five-point scale) than the evaluation of companies that do not use this system. [6]

However, the methods of performance evaluation aimed at strategic planning by domestic commercial banks are still not sufficiently implemented. Content analysis, survey and expert evaluation methods are the traditional methods of evaluating the effectiveness of banks, which are among the simplest methods.

In order to ensure the financial stability of the bank and manage it effectively in the current conditions, the management of the commercial bank should evaluate the actual financial

situation of the bank. When auditing the activities of commercial banks, it is important to study the assets, their composition, quality, profitability, liquidity and their dynamics [7]. Bozorov R. In his studies, he relied on financial analysis methods to ensure the financial stability of commercial banks.[8]

In international practice, the market activity of banks is assessed based on the relationship between commercial banks and clients. Based on feedback from customers, it is recommended to calculate individual indicators describing their level of satisfaction (Table 2).

Table 2

Indicators of assessing the state of relations with customers in commercial banks

Indicators	Research feature	Participating groups	Source of information
NPS [<i>Net Promoter Score</i>]	The degree of involvement of the bank client in recommending the bank	Senior management and marketing department	Based on an online survey method from all segments of consumers
CR [<i>Customer request</i>]	The ratio of calls to the number of operations of a certain type	Customer Service Specialists	Based on internal information systems
CSI [<i>Customer Satisfaction Index</i>] –	Customer satisfaction level	Specialists of customer service departments	Through telegram channels and CMS requests for mass segment

FCR [First Call Resolution]	–	The percentage of unique requests that are currently allowed in the total volume of requests received	Communication services are available	Internal information system
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V.Rajshekhar M.D. Dash [9] studies the disparities between public and commercial banks in the use of relationship marketing in the Indian banking sector based on the following factors: trust, attitude level, communication, relationship quality and dispute resolution and overall customer satisfaction with service. The findings of the study suggest that relationship marketing has a long way to go to be effective in both public sector and private sector banks. In addition, communication and conflict resolution were found to be the most important factors in commercial banks.

Ebun Omoniyi et al [10] conducted a study to identify the key factors of customer relationship marketing using customers of GTBank PLC branches in Ilorin, Nigeria. The study used primary data through questionnaire. The study found that commitment in relationship marketing has a significant impact on customer satisfaction, resulting in increased customer loyalty. Hence, a good customer relationship in the banking

industry has a positive result in customer satisfaction and loyalty.

In Great Britain, the importance of relationship marketing of commercial banks with small business entities and the main features of its organization were studied in the research of John K. Ashton, Andrew Pressey [11]. The concept of commitment and its impact on customer relationship marketing in the Indian banking sector have been identified based on the comparative influence approach. [12]

The research of Benazir Solangi, Urooj Talpur [13] and others based on the potential of customer retention through effective implementation of relationship marketing in banking sector in Sindh province of Pakistan. Relationship marketing focuses on developing customer satisfaction and loyalty. In a survey-based study, four independent variables (trust, commitment, communication, and conflict resolution) were assessed on customer retention using a Likert scale. The results of the study

determined the need for effective implementation of CRM in the banking sector of Pakistan.

Research on relationship marketing practices, customer loyalty and their impact on financial performance was conducted by G.Tawseef, M.A.Bhat.[14]

The above research results show that there are three main effects of relationship marketing:

- 1) Economic efficiency (investment growth, added value, cost reduction based on relationships);
- 2) Strategic efficiency (strategic compatibility and long-term market access and operation);
- 3) Behavioral effect (social relations, trust and culture).

The economic effect is that consumers spend their income to obtain maximum satisfaction from products or services. Strategy and behavioral approaches conclude that the long-term operation of commercial banks in the competitive market and the maintenance of maximum profit depend on long-term relationships with customers.

3. Research Methodology

With the decree of the President of the Republic of Uzbekistan dated 13.05.2020 "On the strategy of reforming the banking system of the Republic of Uzbekistan for 2020-2025" No. PF-5992, it was proposed to introduce the "Methodology for assessing the quality of the provision of banking services in commercial banks".

In the Republic of Uzbekistan, there are no specific methodological approaches to evaluating commercial banks from the customer's point of view. Accordingly, it is important to create methodological bases aimed at evaluating the activity of commercial banks from the customer's point of view. As competition develops, the high quality of commercial banks' customer service and leadership in selected markets will become of primary importance for the bank's future success.

The main criteria for determining consumer satisfaction with banking services are as follows:

- the attitude of the bank to the client;
- the bank's level of customer problem solving;
- the ability to convey information about new types of services provided by the bank;

confidence in the bank;

It is desirable to implement the questions defined as factors selected for consumer satisfaction with banking services according to 5 levels of the

Likert scale. Using the SPSS Statistics (Statistical Package for the Social Sciences) software system, the statistical descriptive indicators of the questionnaire results on the Likert scale were calculated according to the relevant factors.

Methodological approach to evaluating customer relations in commercial banks is shown in

Figure 1.

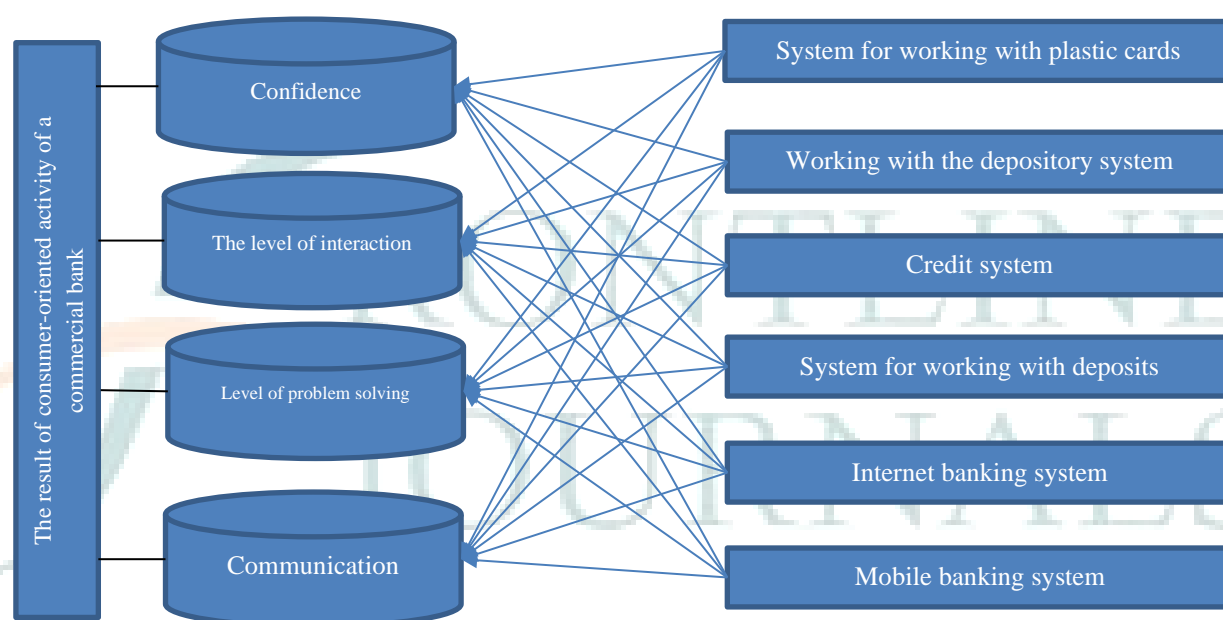


Figure 1. A model for evaluating the results of the bank's consumer-oriented activities

The result of the bank's consumer-oriented activities is determined based on the following factors:

1) Trust - the well-established relations of commercial banks with customers increase

consumer confidence in the bank. Therefore, the level of trust should be included as a key factor in determining the status of relationship marketing.

2) The level of mutual relations - the result of a commercial bank's consumer-oriented activity

depends on the level of mutual relations. This is mainly the result of the work of the customer service department, which is determined by the employees' communication with customers, ability to provide complete and high-quality information, courtesy, etc.

3) Problem solving ability - the relationship of commercial banks with clients is determined by the bank's ability to fulfill its obligations and the ability to solve problems that arise among clients. Based on this, it is appropriate to include problem solving as a key factor in relationship marketing.

4) Communication - communication is the main factor in determining the state of relations with customers. In commercial banks, working with information, timely and high-quality delivery of information to customers, advertising, PR, etc. are the main factors for determining the level of interaction.

The next system of indicators is determined based on the types of services that are important for each commercial bank. The reason is that building targeted relationships with customers depends on the type and quality of products and services offered by commercial banks. Based on this, the following factors are suggested:

- 1) System for working with plastic cards of a commercial bank;
- 2) system for working with the depository of a commercial bank;
- 3) The commercial bank's loan processing system;
- 4) System of working with deposits;
- 5) working with the "Bank client" program;
- 6) working with the "Internet banking" program;
- 7) status of SMS banking services;
- 8) Status of "Mobile banking" services
- 9) Remote control systems of the bank

Based on the results of marketing research, in order to determine how the services offered by commercial banks affect the process of relations with consumers, it is required to determine the relationship of each dependent variable to the services offered.

ANALYSIS AND RESULTS

On the basis of the proposed methodological approach, in the assessment of the state of work of commercial banks with customers, the widely used methods in marketing research are the calculated survey method.

It is recommended to use the model of structural equations based on the SmartPLS package software tool to determine the density of interrelationships and correlations between factors when looking at the state of relations with customers of commercial banks.

SmartPLS package software tool PSL algorithm allows to determine the influence of factors. It is also convenient because it calculates the influence of factors in a graphical interface.

SmartPLS package software tool PSL algorithm allows to determine the influence of factors. It is also convenient because it calculates the influence of factors in a graphical interface. Figure 2 shows the PLS algorithm obtained based on the SmartPLS package program and the latent variables that make up the main components. Based on the analysis of Path, it is also possible to determine the influence of the effectiveness of customer relations.

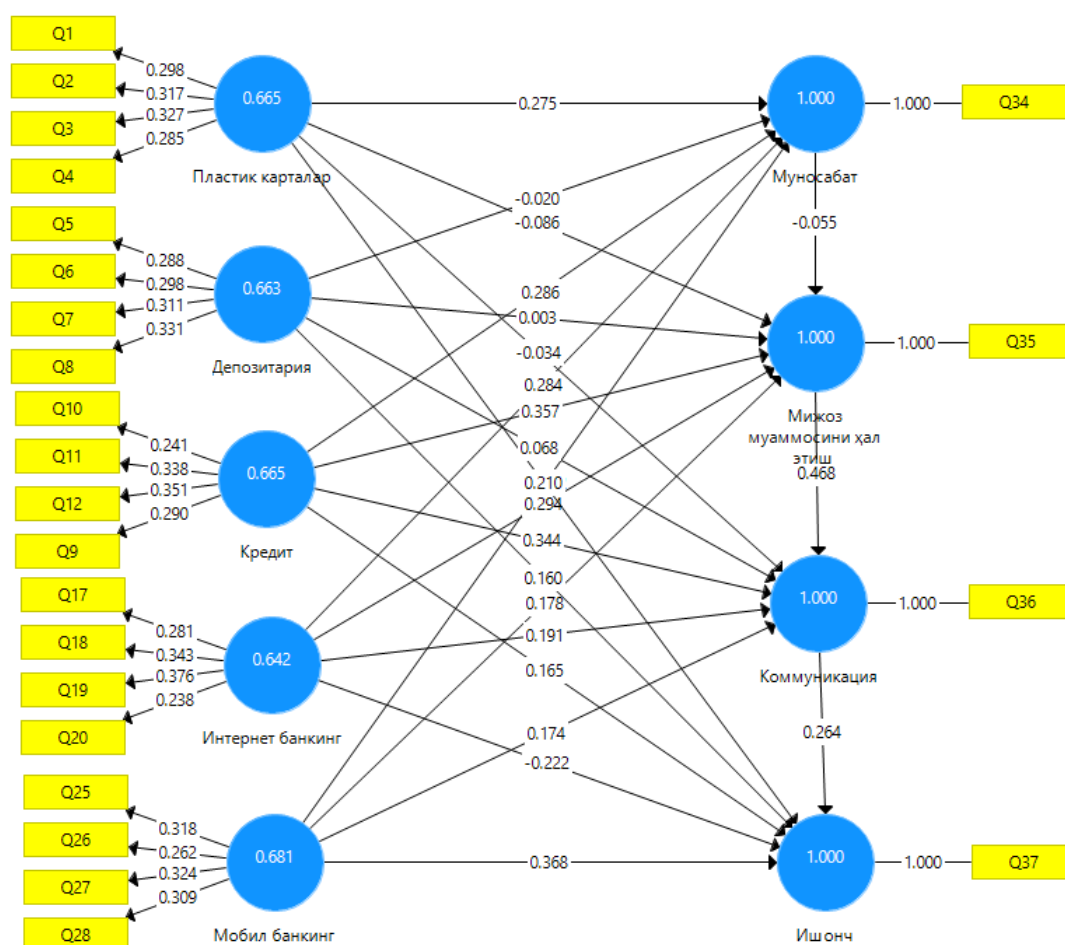


Figure 2. "Ipotekabank ATIB level of customer relations by service types

Based on the obtained results, the standardized coefficient of regression loading X (Path Coefficients) is used to measure the strength of causal relationships between variables using the SmartPLS 3 software package.

Path coefficients - Path coefficients are a standardized representation of linear regression weights. They investigate possible causal relationships between statistical variables in a complex system of equations modeling approach. Standardization involves multiplying the simple regression coefficient by the standard deviation of the corresponding variable. Path coefficients are used to estimate the relative influence of variables within a regression model.

In Table 2, it is possible to single out those with the highest influence on the 4 factors selected for customer relations from the types of services provided by commercial banks.

Based on the data in Table 2, we construct the following function on the state of relations with U1-customers:

$$Y_1 = 0,275F1 - 0,020F2 + 0,286F3 + 0,284F4 - 0,092F5$$

It is known from the given function that the practice of using plastic cards increases the effective organization of customer relations by a factor of 0.275, services with loans by a factor of 0.286, the internet banking system by a factor of 0.284, depository services by a factor of -0.020, and the mobile banking system by a factor of -0.092. it is.

According to the data of Table 2, problems in the effective organization of relations with customers of the Mortgage Bank ATIB are the lack of effective organization of loans and services. Communication processes with customers are also not effectively established in the commercial tank. And the Internet banking system is not fully compatible with customer trust. The mobile banking system has been effectively launched by the bank and is suitable for all indicators.

Table 2

Performance of mortgage bank ATIB by customer relations service types

Hidden variables	total effect			
	Y1- customer relationship status	Y2- level of customer problem solving;	Y3- мижозлар билан коммуникация	Y4- customer confidence;
Services related to F1-Plastic card	0,275	-0,086	-0,034	0,210
F2-Depository related services	-0,020	0,003	0,068	0,160
F3-Services with loans	0,286	0,357	0,344	0,165
F4-Internet banking system	0,284	0,294	0,191	-0,222
F5-Mobile banking system	-0,092	0,178	0,174	0,368

The statistical significance of the results of the model obtained above is checked on the basis of a series of tests. The reliability of the model results is checked by "Cronbach Alpha", "AVE (Average Variance Extracted)" and "CR (Construct Reliability)".

It was considered possible to evaluate the results positively when Cronbach's Alpha > 0.8 in each hidden variable. From the results of this test, it is clear that the results of questionnaire surveys can be accepted for the model.

The next test is the coefficient of variation, AVE (Average Variance Extracted), which reflects the degree of deviation of each latent variable from the total, and the model is considered reliable if the values of the coefficient are greater than 0.5.

In our example, these values for all latent variables gave results higher than 0.5 coefficient.

The reliability of the model results increases only when the values of the coefficients obtained by Composite Reliability are greater than 0.8 for each hidden variable. This coefficient reflects the differences between the total average poverty for each independent variable and the poverty of the independent variables attached to the hidden variable. In the resulting model, these indicators took significant values for all hidden variables.

CONCLUSION

In the practice of commercial banks of Uzbekistan, methods based on the analysis of the financial stability of the bank and effective management system are widely used to evaluate

the efficiency of commercial banks. Based on the current situation of commercial banks, it is important to develop methodological approaches to evaluate the efficiency of banking activity from the customer's point of view. Based on the factors of trust, problem solving, communication and mutual relations, the proposed evaluation method of commercial banks based on the PSL algorithm allows for the development of customer-oriented marketing strategies.

If "Ipoteka Bank" ATIB provides an effective organization of relations with customers, the use of plastic cards increases by a factor of 0.275, services with loans by a factor of 0.286, the internet banking system by a factor of 0.284, depository services by a factor of -0.020, and the mobile banking system by a factor of -0.092. was determined. According to the results of the assessment of the level of relations with customers in each bank service of "Ipoteka Bank" ATIB, the situation of working with the depository, providing information about the new types of services provided by the bank and internet banking is not well established.

Based on the concept of the balanced scorecard system, the use of the proposed evaluation method to determine the strategic goals of

commercial banks provides an opportunity to identify problems for each banking service. On the basis of these cases, "online banking strategy map" is formed in commercial banks. The strategy formed on the basis of this assessment methodology will help to ensure the transition to work within the framework of the "customer-oriented" concept, which is considered a modern concept of marketing for commercial banks.

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