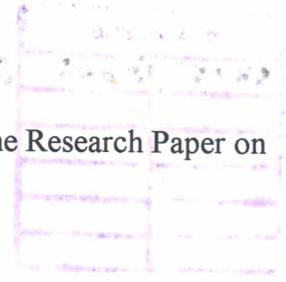


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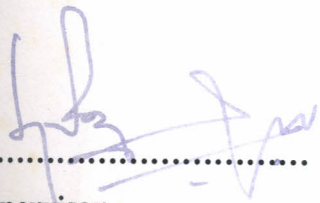
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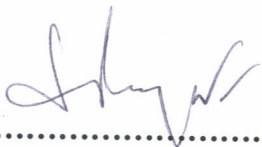
**CUSTOMER ORIENTATION IN COMMERCIAL BANKS AND  
GROWTH OF DEPOSITS**

By

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## ABSTRACT

The banking sector in Sri Lanka has experienced new developments since the introduction of open economic policies in 1977. These new developments were welcome by the customers who had been served predominantly by two banks i.e. Bank of Ceylon and People's bank. Customers readily welcomed the new technology, which reduced the processing time of transactions. The new bank branches of foreign banks as well as the new banks looked at the customers through a new perspective. Established banks hitherto waited till the customers visited their doorsteps. These new banks went to the doorsteps of the customers. Customers both corporate and individual expected more dynamism from the existing banks. Failure to deliver the same resulted in the drop their market share in deposits and assets.

The research has been focused in the area of mobilization of deposits and its relationship with the dimensions of customer orientation. Customer orientation has been defined as manufacturing a product or delivering a service in response to particular customers' needs.

Two hypotheses have been constructed. First is that there is a positive relationship between the growth of deposits and customer orientation. Second is that there is a positive relationship between the retention of customers and the customer orientation.

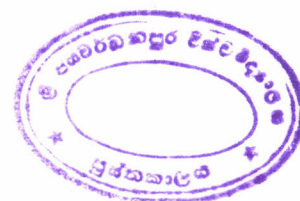
Number of statistical measures i.e. the correlation and regression technique is used in analyzing the data. The survey has not found a relationship between the growth of deposits and the degree of the customer orientation of the banks. Number of factors is responsible for this situation. Homogeneity of the services of the banks and the nature of the customers in dealing with the banks rank high among them.

There is a positive relationship between the retention of customers and the customer orientation. Customers have no need to go to another bank to receive the service at present obtained by the chosen bank as the banks have similarities in their service packages especially in deposit schemes.

These findings have been discussed by constructing two models. The first of this has been constructed with the knowledge gathered in this research. The first model explains the value framework of a hypothetical customer who has decided to open a children savings account and the way of selecting the deposit scheme. The second model explains the decision of selecting the deposit scheme when there is homogeneity in the deposit schemes offered by banks.

The research findings have number of implications for the management. It shows the difficulty of cutting an edge over the competition through customer orientation measures due to the eventual follow up by all the banks. It points out the importance of building the market further instead of trying to cut a piece of the existing cake and in that task, the responsibility of the bankers.

There are number of limitations in preparation of the research report. Major limitation is the collection of data. The banking sector is reluctant to disclose information about the customers due to legal and ethical considerations. Customers are also reluctant to disclose their banking habits. Therefore, the administration of a questionnaire does not allow to make a further clarification of the responses.



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