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**Private banking consumer perception  
and the influence of acquisition**

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A thesis submitted to the University of Gloucestershire (UK)  
in accordance with the requirements of the degree of  
Doctorate in Business Administration  
in the Faculty of  
Business, Education and Professional Studies

October, 2012

## **ABSTRACT**

The primary aim of this dissertation is to research the private banking consumer perception and to analyse the impact acquisition in private banking has or might have on private banking consumer perception. A literature review discovered that existing research in the field of private banking consumer perception is relatively rare and no studies were discovered that dealt with private banking consumer perception and, in particular, the influence of an acquisition. In addition to that, private banking consumer perception is not defined by any literature. Hence, there is a gap in existing literature and the literature review resulted in research questions which were analysed and discussed by gathering primary data.

A holistic case study based on the Swiss and German private banking market was used to gather primary data. This type of case study offers the researcher a holistic view (Patton, 1990) on the present subject as it considers all parties which have an influence on the topic under investigation. The first phase of the case study consisted of non-participant observation at a finance fair. Private banking consumers, relationship managers and consultants were observed. In the next phase semi-structured interviews were undertaken with relationship managers, banking managers, private banking clients and lawyers. Both phases were qualitative in its nature.

Based on the findings it was established that private banking consumers have expectations on private banking. If the private banking service provider is able to fulfil or exceed these expectations the client perceives this as "satisfaction". Determinants of private banking consumer perception were elicited. These determinants are defined as categories and sub-categories of different criteria used by the consumer to evaluate a perceived service. Apart from that, the research findings revealed that acquisition can influence all private banking consumer perception determinants depending on the context of the acquisition. The independent advice of private banks as well as retaining the relationship manager was found to be of primary concern to the clients during an acquisition process. A model of private banking consumer perception was developed from the primary data results. With the knowledge gained from this research private banks are better able to understand bank consumers' expectations and perceptions. This contributes to higher levels of competitiveness for banks as customers' needs can be better met, and client movements during an acquisition process reduced.

**DECLARATION**

I declare that the work in this thesis was carried out in accordance with the regulations of the University of Gloucestershire and is original except where indicated by specific reference in the text. No part of the thesis has been submitted as part of any other academic award. The thesis has not been presented to any other education institution in the United Kingdom or overseas. Any views expressed in the thesis are those of the author and in no way represent those of the University.

Signed \_\_\_\_\_ Date \_\_\_\_\_

## **ACKNOWLEDGEMENT**

I would like to express my gratitude to all those who gave me the possibility to complete this thesis. Especially, I want to thank Dr. Hans Ruediger Kaufmann and Dr. Robin Bown who supported me through the dissertation process and helped me to stay on track. Also, a big “thank you” to my family who supported me during the research.

## **PUBLICATIONS**

- Finken, S. and Kaufmann R. (2011) “A qualitative and quantitative study on private banking consumer perception”. In 8<sup>th</sup> international conference for marketing, management, finance, consumer behaviour, tourism and retailing research, 27-29<sup>th</sup> April 2011, University of Dubrovnik, Croatia, p. 250.
- Finken, S. and Kaufmann R. (2011) “A qualitative and quantitative study on private banking consumer perception”, *Journal of International Management Cases* (forthcoming).
- Finken, S. (2011) “Private Banking Consumer Perception and the Influence of an Acquisition” EMAB 2011 - 4th Annual EuroMed Conference of the EuroMed Academy of Business Business: Research Challenges in a Turbulent Era, 20-21<sup>st</sup> October 2011, Crete, pp. 2104.

## TABLE OF CONTENTS

---

<b>ABSTRACT</b>	<b>i</b>
<b>DECLARATION</b>	<b>ii</b>
<b>ACKNOWLEDGEMENT</b>	<b>iii</b>
<b>PUBLICATIONS</b>	<b>iv</b>
<b>LIST OF FIGURES</b>	<b>xi</b>
<b>LIST OF TABLES</b>	<b>xiii</b>
<b>ACRONYMS INDEX</b>	<b>xiv</b>
<b>I. INTRODUCTION</b>	<b>1</b>
<hr/>	
<b>1. Introduction</b> .....	<b>2</b>
<b>2. Research subject and importance of research</b> .....	<b>3</b>
<b>3. Aims and objectives of the research</b> .....	<b>5</b>
<b>4. Contribution to knowledge and to professional practice</b> .....	<b>7</b>
<b>5. Thesis structure</b> .....	<b>9</b>
<b>II. LITERATURE REVIEW</b>	<b>11</b>
<hr/>	
<b>1. Introduction</b> .....	<b>12</b>
1.1 Justification of literature review procedure .....	12
<b>2. Background information</b> .....	<b>14</b>
2.1 What is meant by private banking? .....	14
2.2 Consumer perception .....	16
2.3 Acquisition.....	18
2.4 Organizational culture .....	20
2.5 EFQM excellence model .....	22
2.6 Traditional and extended marketing mix .....	26
2.7 Definition of a theoretical working model.....	27
<b>3. Systematic literature review aims and search strategy</b> .....	<b>31</b>
3.1 Aims.....	31
3.2 Search strategy.....	32
<b>4. Selection criteria</b> .....	<b>36</b>

4.1	Identification of inclusion and exclusion criteria .....	36
<b>5.</b>	<b>Quality assessment .....</b>	<b>38</b>
5.1	Quality checklist .....	38
5.2	Quality assessment results .....	40
5.3	Systematic Review results overview .....	47
<b>6.</b>	<b>Data extraction .....</b>	<b>48</b>
<b>7.</b>	<b>Synthesis.....</b>	<b>49</b>
7.1	Narrative synthesis.....	49
7.2	Relationship between customer and bank and/or relationship manager .....	50
7.3	Courtesy and emotional values .....	52
7.4	Access and communication .....	53
7.5	Responsiveness and understanding the customer .....	54
7.6	Winner/killer elements.....	55
7.7	Security .....	57
7.8	Competence and reliability .....	58
7.9	Price .....	59
7.10	Credibility (including trust, image, reputation and branding) .....	60
7.11	Word of mouth.....	61
7.12	Segmentation of the customer base .....	62
7.13	Customer satisfaction and service quality .....	66
7.14	Internal training of staff .....	72
7.15	Customer retention.....	74
7.16	Acquisition.....	78
7.17	Applying the determinants of perceived service quality model to private banking consumer perceptions .....	79
<b>8.</b>	<b>Initial conceptualization of a model of private banking consumer perception .....</b>	<b>81</b>
<b>9.</b>	<b>Limitations .....</b>	<b>83</b>
<b>10.</b>	<b>Chapter Conclusion .....</b>	<b>84</b>

**1. Introduction..... 86**

1.1 Research design ..... 87

**2. Aims and Objectives ..... 89**

2.1 Aims..... 89

2.2 Objectives ..... 90

2.3 Contribution to knowledge and practice..... 91

2.4 Summary..... 92

**3. Philosophical perspective ..... 93**

3.1 Qualitative theory ..... 93

3.2 Quantitative theory ..... 93

3.3 Action research ..... 94

3.4 Case Study ..... 96

**4. Reflection of the standpoint ..... 98**

4.1 Critical realism..... 98

4.2 Role of research ..... 99

4.3 Skills ..... 100

4.4 Reflect..... 100

**5. Explanations of methods and methodology ..... 102**

5.1 Research paradigm: Reasons for collecting qualitative data ..... 104

5.2 Observation..... 105

5.3 Semi structured interviews ..... 120

5.4 Transcript policy..... 139

5.5 Content Analysis..... 140

**6. Ethical considerations..... 141**

6.1 Informed Consent ..... 141

6.2 Confidentiality and anonymity ..... 142

**7. Reliability and validity..... 143**

7.1 Validity ..... 143

7.2 Reliability ..... 145



<b>8. Summary .....</b>	<b>147</b>
8.1 Systematic approach .....	147
8.2 Limitation.....	150
<b>IV. ANALYSIS AND DISCUSSION .....</b>	<b>151</b>
<b>1. Introduction .....</b>	<b>152</b>
<b>2. Analysis Process - Content Analysis.....</b>	<b>153</b>
2.1 Preparation of the data .....	155
2.2 Define the unit of analysis .....	155
2.3 Develop categories and a coding scheme .....	156
2.4 Testing the coding scheme.....	159
2.5 Coding of the whole text.....	159
2.6 Assessing coding consistency.....	160
2.7 Conclusions from the coded data.....	160
2.8 Methods and findings report.....	160
<b>3. Theory building procedure.....</b>	<b>161</b>
3.1 Descriptive stage of theory building.....	161
3.2 Anomalies in descriptive theory .....	162
3.3 Transition to normative theory .....	162
3.4 Theory building and the implication of the present research.....	163
<b>4. Analysis and discussion of primary data .....</b>	<b>164</b>
4.1 Determinants of private banking consumer perception .....	164
4.2 Summary of the private banking consumer perception determinants.....	214
4.3 The refined model of private banking consumer perception .....	225
4.4 The definition of private banking consumer perception .....	228
4.5 Private banking consumer perception and the influence of an acquisition .....	230
4.6 Summary the influence of acquisition of a private banking service provider on private banking consumer perception .....	250
4.7 The model of private banking consumer perception .....	257
<b>5. Implications on current theory .....</b>	<b>261</b>

<b>6. Contribution to practice .....</b>	<b>263</b>
<b>7. Implication for further research.....</b>	<b>272</b>
7.1 How can client satisfaction be measured? .....	272
7.2 How can large banks provide independent and individual private banking? .....	272
7.3 What are the most efficient internal and external marketing tools for private banks? .....	273
7.4 How can returns of scale be achieved by acquiring private banks? .....	273
7.5 Different regulations of private banking providers .....	273
7.6 Banks highly dependent on the relationship managers.....	274
<b>V. SUMMARY AND CONCLUSION .....</b>	<b>275</b>
<b>1. Introduction.....</b>	<b>276</b>
<b>2. Summary of the main points .....</b>	<b>277</b>
2.1 The determinants of private banking consumer perception.....	278
2.2 The definition of private banking consumer perception.....	282
2.3 The influence of an acquisition on private banking consumer perception .....	282
2.4 The model of private banking consumer perception .....	285
<b>3. Limitations of the present study .....</b>	<b>288</b>
<b>4. Implications of future research.....</b>	<b>289</b>
<b>VI. REFERENCES .....</b>	<b>291</b>
<b>1. References .....</b>	<b>292</b>
<b>VII. APPENDIX .....</b>	<b>310</b>
<b>Appendix 1: Template for a Systematic Literature Review Protocol.....</b>	<b>311</b>
<b>Appendix 2: Observation Guide .....</b>	<b>313</b>
<b>Appendix 3: Interview Guide .....</b>	<b>315</b>
<b>Appendix 4: Interview brochure for participants .....</b>	<b>319</b>

<b>Appendix 5: Interview translation example.....</b>	<b>324</b>
<b>Appendix 6: Interview analysis example.....</b>	<b>353</b>

## LIST OF FIGURES

---

Figure 1: Structure of the thesis .....	10
Figure 2: Literature Review Procedure (own creation) .....	13
Figure 3: Perception processes based on Belch & Belch (2009) .....	16
Figure 4: Oliver's (1980) Expectation disconfirmation theory – figure created by Nevo (2005).....	17
Figure 5: Proportion of client base lost one year after acquisition (KPMG, 2004) .....	19
Figure 6: Factors critical to successful post-acquisition integration (KPMG, 2004).....	20
Figure 7: Culture in four layers.....	20
Figure 8: EFQM excellence model (EFQM, 2012) .....	24
Figure 9: Determinants of Perceived Service Quality (Parasuraman et al., 1985) .....	28
Figure 10: Theoretical working model of private banking consumer perception (own creation) based on Parasuraman et al. (1985) and Oliver (1980).....	30
Figure 11: Systematic Review process overview .....	47
Figure 12: Duration of client relationships in private banking (Cocca, 2010) .....	50
Figure 13: Winner and Killer Elements (Galasso, 1999).....	55
Figure 14: The chain of trust (Molyneux & Omarini; 2005) .....	61
Figure 15: How clients join the UBS (Weil, 2002).....	62
Figure 16: Wealth Management Pyramid (Pricewaterhousecoopers, 2005).....	63
Figure 17: Actions to restore customer trust rated by importance of the customer (Callewaert & Verweire, 2010).....	65
Figure 18: Gap Analysis: Expected and derived level of Satisfaction (Bhalakrishnan, n. d.) .....	68
Figure 19: Counselling procedure satisfaction (Mogicato, 2008).....	69
Figure 20: Service gap in Belgium retail banks (Callewaert & Verweire, 2010).....	70
Figure 21: Internal und interactive marketing (Galasso, 1999) .....	72
Figure 22: Initial conceptual model of private banking consumer perception .....	82
Figure 23: Research design (own creation).....	88
Figure 24: Simple Action Research Spiral based on Dick (2002) .....	95
Figure 25: Action Research Cycle by .....	95
Figure 26: Inductive research approach steps based on Burney (2008) .....	96
Figure 27: Methods and the application process (own creation) .....	103
Figure 28: Observation procedure.....	120

Figure 29: Interview Guide .....	139
Figure 30: Research design (Gant Chart; own creation) .....	149
Figure 31: Content analysis steps developed by Zahng and Wildemuth (2009).....	155
Figure 32: Define the Unit of Analysis of Observation Data.....	156
Figure 33: Define the Unit of Analysis of Interview Data.....	156
Figure 34: Procedure for developing the categories and the coding scheme (own creation).....	159
Figure 35: Stages of descriptive theory building (based on (Hevner & Chatterjee, 2010) ) .....	161
Figure 36: External asset manager and a different custodian bank - Separation of power .....	186
Figure 37: Relationship manager and the same custodian bank .....	187
Figure 38: Composition of the determinant macroeconomic (own creation) .....	191
Figure 39: Overview of confirmed determinants .....	222
Figure 40: Refined model of private banking consumer perceptions .....	227
Figure 41: Steps during an acquisition to keep a positive private banking consumer perception.....	249
Figure 42: Overview of private banking consumer perception determinants influenced due to an acquisition.....	254
Figure 43: Summary of questions that are important for the context of an acquisition	255
Figure 44: Final model of private banking consumer perceptions.....	259
Figure 45: EFQM excellence model (EFQM, 2012) .....	263
Figure 46: Model of private banking Consumer Perception .....	287
Figure 47: Procedure for developing the categories and the coding scheme (own creation).....	353

## LIST OF TABLES

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Table 1: Inclusion/Exclusion criteria .....	36
Table 2: Quality Checklist .....	39
Table 3: Literature which passed the Quality Assessment .....	46
Table 4: Classification of competitive advantage in retail banks (Devlin & Ennew; 1997) .....	56
Table 5: Relationship between service quality and customer satisfaction (Putz, 2002)	59
Table 6: Interrelation between aims, research questions and research objectives ....	92
Table 7: Overview of the speakers of the non-participant observations.....	111
Table 8: Observation tasks and interrelation to research objectives (own creation)	118
Table 9: Semi-structured interview participants overview .....	126
Table 10: Interview questions and interrelation to the research objectives (own creation) .....	136
Table 11: Determinants of private banking consumer perception .....	220
Table 12: Aspects of private banking consumer perception .....	220
Table 13: Speakers/Participants and determinants declaration matrix .....	221
Table 14: Summary of the influence of an acquisition on private banking consumer perception.....	252
Table 15: Participants and determinants influenced by an acquisition declaration matrix .....	253

## ACRONYMS INDEX

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<b>Acronym</b>	<b>Description</b>
AR	Action Research
AuM	Assets under management
CEO	Chief executive officer
CFO	Chief financial officer
COO	Chief operating officer
CRM	Customer-relationship-management
DAX	German equity index ("Deutscher Aktien Index")
ECB	European central bank
EFQM	European Foundation for Quality Management
HNWI	High Net Worth Individuals
ISO	International Organization for Standardization
PB	Private banking
RB	Retail banking
RM	Relationship manager
RO	Research objectives
RQ	Research question
SCA	Sustainable competitive advantage
WOM	Word-of-mouth

## **I. INTRODUCTION**



### **1. Introduction**

The present chapter provides an introduction to the topic under investigation, namely private banking consumer perception and the influence of acquisition. It starts with an explanation of the importance and relevance of the research. Aims and objectives of the topic at hand are described. The final part of the introduction consists of a brief guide to subsequent chapters of the research.

### **2. Research subject and importance of research**

During the credit crunch the biggest private bank in Europe, Sal. Oppenheim Jr. & Cie, lost its independency. This was a shocking event as this bank had been independent and managed by family members since 1789 (Szalay, 2009). Private banks offer private banking service which is a custom-made and individual service with a personal kind of relation between customer and bank (Rock-Mach, 1994) and offered by the provider to their wealthy clients (Schierenbeck, 1998). Deutsche Bank acquired the group to strengthen its position in private banking primarily in the domestic market (Lermer & Winker, 2009). Many specialists of the banking market stated that the future of the traditional private banks was coming to an end (Seibel, 2009) as the number of independent private banks during the last century had decreased dramatically (Köhler, 2008). Most private banks have primary High Net Worth Individual (HNWI) consumers and it is said that these independent banks are regarded as best fulfilling the individual needs of customers due to their independent advice and products (Köhler, Landgraf, & Stock, 2009). Several analysts said that the acquisition of the private bank Sal. Oppenheim was associated with high risk due to the lack of private banking employees and the lack of clients (Welp & Katzensteiner, 2009). Consumers could leave Sal. Oppenheim as the service might have changed due to the implantation of Deutsche Bank policy. Vice versa, J. Ackermann (former CEO of the Deutsche Bank) himself classifies the acquisition of the traditional private bank as a unique occasion and he is expecting that the bank Oppenheim will experience substantial growth potential (Lauder, 2010).

Most acquisitions in private banking and wealth management are undertaken to increase the size of the client segments and to expand the product and service expertise (KPMG, 2004). For most industries, half of the acquisitions are not successful (Forstman, 1998; Hubbard, 2001; Ravensraft & Scherer, 1987) and this effect was noted in private banking as well as sources stating that more than ten per cent (KPMG, 2004) or even 20 per cent (Miles & Rouse, 2011) of an acquired private bank's client base is lost within the first year of acquisition. Nearly 40% of banks defined the retention of key clients as a critical factor for successful acquisition (KPMG, 2004) and other sources confirmed the importance of client retention during a merger and acquisition as well (Cohen, Gan, Yong, & Choong, 2006; Miles & Rouse, 2011).

## I. INTRODUCTION

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Hence, to avoid a loss of private banking consumers, it is necessary to understand the clients' private banking consumer perceptions and to stay focused on them. Perception is defined as a process by which an individual receives, selects, organizes and interprets information to create a meaningful picture of the world (Creamer, 2007). If the owner of the bank has changed and, due to this, a new company structure will be implemented, the bank has to concentrate continuously on the consumers and their perceptions.

Consumer perception is an independent concept that influences the decision-making process and is part of consumer behaviour (Belch & Belch, 2009; Harrell, 1986). It was discovered that the literature dealing with consumer perception in private banking is relatively rare and therefore, studies dealing with retail-banking consumer perception were considered too, to provide additional understanding. No literature existed about private banking consumer perception determinants (categories that consist of different criteria used by the consumer to evaluate a perceived service (Parasuraman, Zeithaml, & Berry, 1985)). Further, no literature was found about private banking consumer perception and the influence of an acquisition. Therefore, research is required in this field as understanding the customer needs and expectations is mandatory to offer adequate goods and services to cover these needs (Fasnacht, 2009). Private banking is characterized as a custom made and individual service (Köhler et al., 2009) with a personal relationship between customer and bank (Rock-Mach, 1994) by offering individual products (Köhler et al., 2009). Due to these characteristics private banking consumer perception is very comprehensive and sophisticated and these characteristics are not fully considered by general consumer perception literature. Hence, it cannot assumed to apply consumer perception literature in general to private banking consumer perception. In addition to that, as the number of acquisitions is increasing (Johnson, Scholes, & Whittington, 2006) knowledge about private banking consumer perception and the influence of an acquisition is required and getting more and more important.

### **3. Aims and objectives of the research**

The aim of the present research is to understand clients' private banking consumer perception which leads to an increase of private banking clients' satisfaction. Improved understanding of consumer perception could lead to a competitive advantage in terms of private-banking.

During a merger or acquisition process it is even more important for a bank to understand clients' perceptions. Some clients might not like the changes due to the acquisition or the fact that their bank has been acquired by another bank. The acquisition of new clients is very difficult, time and cost intensive (Carter, 2003). It is far more expensive to acquire new private banking customers than to retain existing ones (Bick, Brown, & Abratt, 2003; Fraering & Minor, 2005; Lassar, Manolis, & Winsor, 2000b). Thus, it is important for banks to understand how an acquisition changes the perception of existing private banking clients, and enable banks to take the necessary actions to retain them.

The outcomes of the present research are the basis for private banking providers to develop and create efficient internal (e.g. training of staff) and external (e.g. promotion) marketing methods and, hence, to keep an appropriate culture in place and to present the bank to the outside (clients). Internal marketing is important for the organizational culture, strategy, structure and processes. During an acquisition process banks need to be able to undertake their marketing (internal and external) to keep an appropriate culture in place, and to present the bank to the outside (clients).

The findings from primary research are used to develop an innovative model of private banking consumer perception that also addresses the issue of acquisition. Existing models of consumer perception are not valid for private banking. As mentioned earlier, private banking is characterized as a custom made and individual service with individual products and a personal relationship between customer and bank (Rock-Mach, 1994). To be able to construct the model of private banking consumer perception, which also addresses the subject of an acquisition, it is necessary to define research objectives, used as a guideline for the research design. The following research objectives (RO) were created:

## I. INTRODUCTION

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RO1: To gather and validate determinants of private banking consumer perception by empirical research.

RO2: To define the term private banking consumer perception.

RO3: To examine to what extent, if any, acquisition influences private banking consumer perception.

RO4: To create and validate a model of private banking consumer perception which incorporates the acquisition.

### **4. Contribution to knowledge and to professional practice**

No literature was found that dealt with determinants of private banking consumer perception. These determinants are categories that consist of different criteria used by the consumer to evaluate a perceived service (Parasuraman et al., 1985). The consumer has expectations on different criteria. If the consumer perceives the service received covered or exceeded his expectations, it results in satisfaction. Therefore, research is required to establish private banking consumer perception determinants to close the gap on existing literature and to contribute to knowledge. The present thesis validated ten existing determinants of private banking consumer perception from literature research and elicited four further determinants by empirical research. Apart from that it is important for any bank and financial service to know and understand customer needs and expectation to offer adequate goods and services to cover these needs (Fasnacht, 2009). By understanding these perceptions, banks are able to improve their service and goods to fulfil the clients' needs (Kaur, 2002). This is an contribution to practice as the knowledge might provide companies with the possibility to create a competitive advantage and to maintain or increase market share.

Further, no literature was found that dealt with private banking consumer perception due to an acquisition. Due to on-going globalization, competition increases and new markets are attainable. Competitors search for takeover candidates to gain ground in other markets or strengthen existing market share which increases the risk of a merger or acquisition (Wirtz, 2003). It is necessary to understand how an acquisition changes the overall perception of existing private banking clients so that banks are able to take the necessary actions to retain them. The present research aims to close the gaps in literature by researching if and how acquisition influences private banking consumer perception. As the understanding of this issue is important for managers to develop and apply client retention procedures it is a contribution to professional practice as well.

The constructed model of "private banking consumer perception" displays the private banking consumer perception process. It considers the influence of acquisition and organizational culture on the identified determinants. This enables the reader to understand the consumer perception process in private banking and the influence of an acquisition. As no model on private banking consumer perception in general and no model on the influence of acquisition on private banking consumer perception in

## I. INTRODUCTION

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particular existed it is an contribution to knowledge. Further, the model is an important contribution to professional practice as it can be used by private banking providers to understand private banking consumer perception in general, and the influence of acquisition on the private banking consumer perception in particular. Other consumer perception models do not consider the important characteristics of private banking consumer perception as an individual, sophisticated and independent service. Based on the model private banking service providers can develop and create efficient internal (e.g. training of staff) and external (e.g. promotion) marketing methods.

### **5. Thesis structure**

The present thesis consists of five chapters. The first chapter consists of an introduction about the topic under investigation. In the second chapter a literature review was undertaken. The review searches, extracts, analyses and synthesizes qualitative and quantitative studies on private banking consumer perceptions and expectations as well as the influence of an acquisition on private banking consumer perception. A theoretical working model was chosen and the elicited findings, the determinants, were applied to the model and an initial conceptualized model was created. The third chapter relates to the empirical research strategy and methodology. Primary data was gathered by undertaking observations at a finance fair and conducting semi-structured interviews. Chapter four analyses and discusses data gathered by primary research. The initial conceptualized model was refined during the analysis and a model of private banking consumer perception was created. The last chapter consists of a conclusion of the findings. The following figure displays the chapters and the main points.



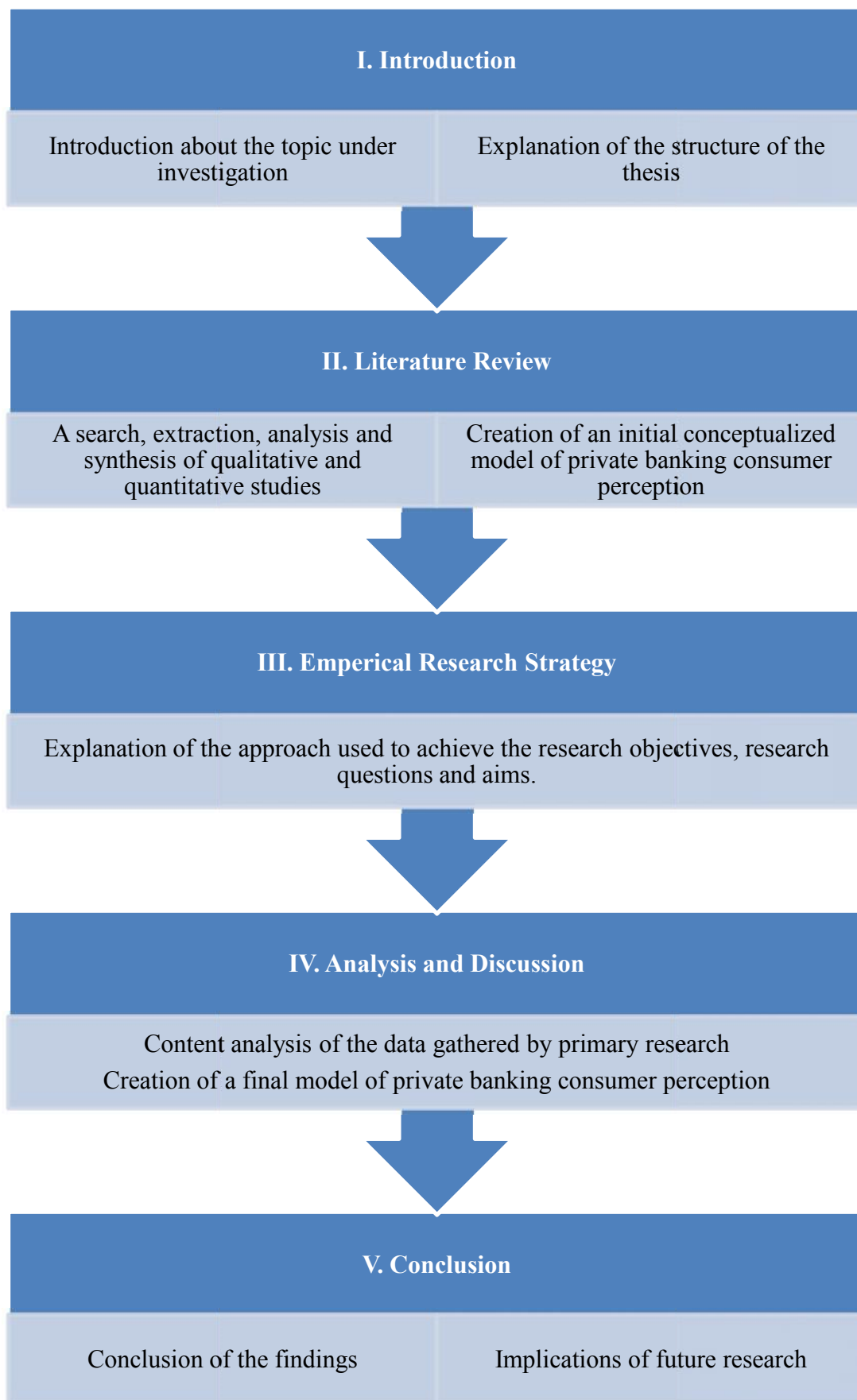


Figure 1: Structure of the thesis

## **II. LITERATURE REVIEW**

### **1. Introduction**

The following literature review is divided into two parts. The first part, section two, consists of background information in form of a narrative review. The second part, sections three to ten, consist of a systematic literature review on private banking consumer perception and the influence of an acquisition.

#### **1.1 Justification of literature review procedure**

The systematic literature review discovered the literature in terms of private banking consumer perception and the influence of an acquisition. But the reviewed literature was scattered and no coherent model could be found which could be used as a theoretical working model for private banking consumer perception. Besides, it is necessary to provide background information by explaining the characteristics of private banking and the roots of this special service, the consumer perception process and what is meant by acquisition as well as the importance of corporate culture. Due to the narrow focus of the systematic literature review it was neither possible to find a coherent theoretical working model nor to find literature to provide the necessary background information. This problem goes in line with the statement of Collins and Fauser (2004) who mentioned that for “some review topics, however, the strengths of the systematic review may turn into weaknesses. The primary problem is that the narrow focus and prescribed methods of the systematic review do not allow for comprehensive coverage” (p. 103). Therefore, the researcher undertook a second search process and created a literature review in narrative form to provide background information required for the present research and to discover a theoretical working model for private banking consumer perception. The narrative literature review consists of generic concepts of important researchers in the corresponding field. Combining both literature review methods, systematic literature review and narrative review, is possible if researchers “arrange the subject matter in a series of objective questions, each section based on specified procedures for search, relevance and validity and tied to other sections by appropriate descriptive links” (Collins & Fauser, 2004, p. 104).

By combining the different review methods the researcher was able to overcome the problem of the narrowed focus of the systematic literature review as the narrative review is comprehensive and covers a wide range of issues within a given topic (Collins

## II. LITERATURE REVIEW

& Fauser, 2004). Furthermore, the narrative literature provided “a much-needed bridge between the vast and scattered assortment of articles on a topic” (Baumeister & Leary, 1997, p. 311). The following figure displays the processes undertaken of the two literature review methods.

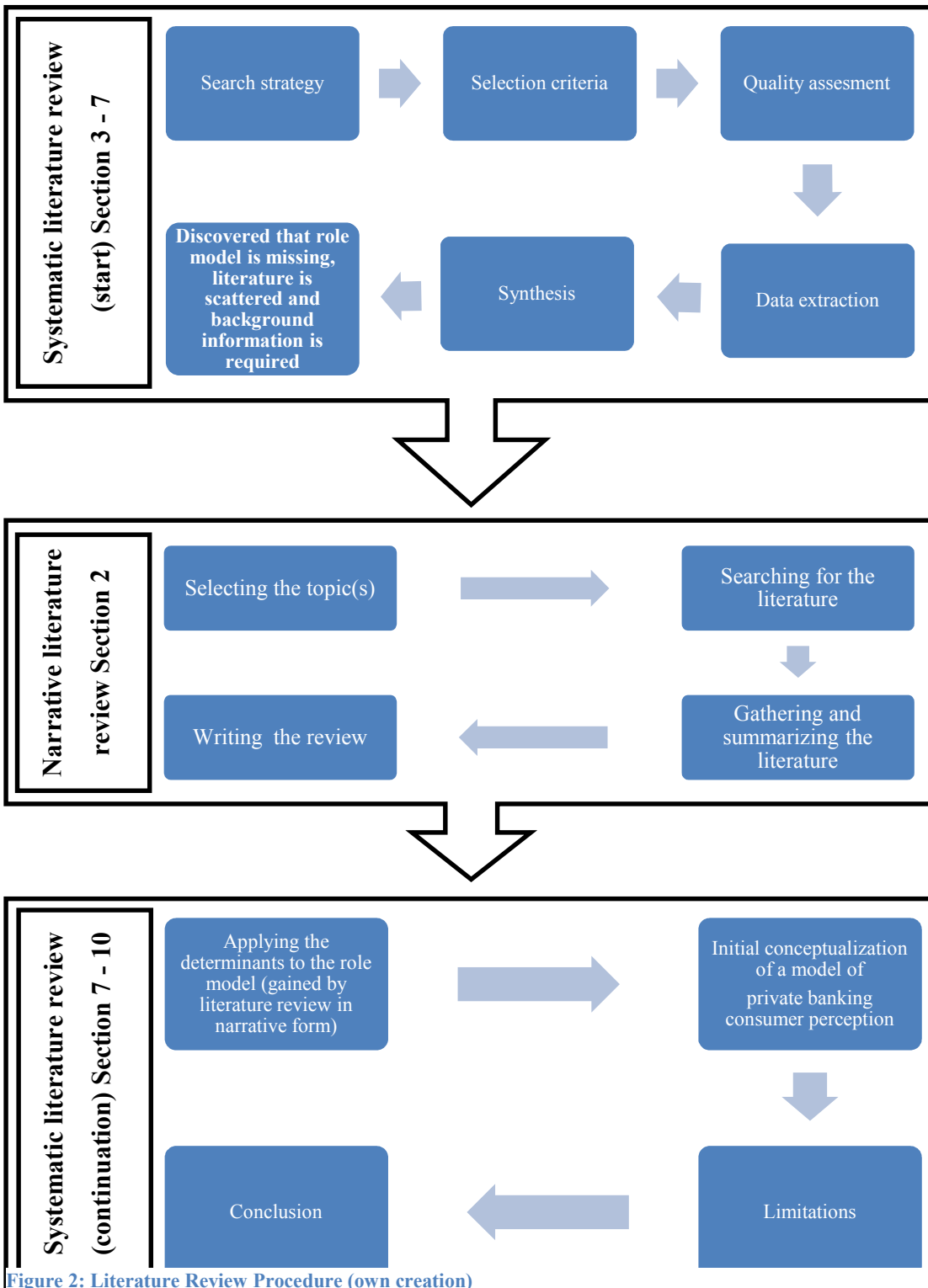


Figure 2: Literature Review Procedure (own creation)

### **2. Background information**

As mentioned earlier, the present section consists of a narrative review that summarizes the literature in terms of the characteristics of private banking and the roots of this special service, the consumer perception process, what is meant by acquisition as well as the importance of corporate culture. Apart from that, this section discovers and explains a coherent model that was used for the systematic literature review part as a theoretical working model for private banking consumer perception.

A narrative review “discusses and summarises the literature on a particular topic without conforming to a particular search formula” (Gary, 2009, p. 34). Hence, it “is a review of what is considered relevant for the topic and the aim of the review, but without a specified methodological plan as for a systematic review” (Grimby, 2010, p. 1). In the narrative review the author focused on generic models and mainstream literature that is often used and cited in management research. These explanations are helpful to understand the information provided in the present thesis.

#### **2.1 What is meant by private banking?**

Private banking is defined as a “deliberate program to attract and serve the affluent individual market” (Gardner & Mills, 1994, p. 340). It is a custom-made and individual service with a personal kind of relation between customer and bank. To be more specific as to the customer segment: service offered by the provider to their top-customers (Rock-Mach, 1994) and wealthy clients (Schierenbeck, 1998). The Objectives of private banking are individual planning and execution of the customers’ personal and financial long-term perspectives (Brost & Faust, 2006). In private banking diversification is important to ensure safety and value preservation of the clients’ investments which is a very sophisticated task (Manger, 2012). This can be achieved by e.g. allocating assets in different locations (e.g. countries, markets, etc.) and/or in different asset classes (e.g. stocks, funds, bonds). The basis of this implicit long-term orientated relationship represents confidentiality and trust (Salmen, 2003). The relationship needs to be developed with the wishes of the client in full view and cannot afford to be producer-led (Taylor, 1990) and, therefore, must be consumer-led. Service quality is of paramount importance in private banking. Customers derive from the resident population as well as from foreign countries (Koye, 2005).

## II. LITERATURE REVIEW

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The function of private-banking attracts many banking types: large banks, private banks and asset management banks (Bicker, 1996). The development of traditional private banking goes back to the old partnerships (Brost & Faust, 2006) or private banks. These banks are some of the oldest banks in Switzerland (Schweiz Banken Info, n. d.; Swiss Banking, n. d.). The roots of these banks are located in the 15<sup>th</sup> century. Cosimo de Medici set up one of the first private banks. Today, the oldest private bank, still existing in Switzerland, was founded in 1795 (Straumann, 2012). “Classic” private banks have private liable partners (private banker) that control and manage the bank. Clients of classic private banks have chosen this type of bank because of the continuous, intensive and personal advisory process. Further, private banking clients appreciate the independent investment procedures and the personal atmosphere of a private bank (Köhler & Nagl, 2012). Other private banks are branches of large banks. The liable partner in this case is the large bank which is responsible for the control and management of the bank. Currently, the number of private banks is decreasing, e.g. in Germany from 1,386 to 138 from 1902 to 1974 (Reichsbank/Bundesbank, 2003). In Switzerland a similar effect can be observed as the number of “classic” private banks is decreasing as well (Bode, 2007). In Germany, Austria and Switzerland, more than 75% of the clients have been with their bank for more than 10 years in private banking and the average duration of a relationship between client and bank is 17 years (Cocca, 2010). Hence, there is a long-term relationship in private banking and not much client movement. Actually, there is no official statistic available that shows the movement of private banking clients to or from private banks or large banks. This might be due to the fact that private banks do not need to publish any balances of accounts that consist of client figures. Relationships are very important for services that are long-term in nature and customers dependent on credence qualities in service evaluation (e.g. private banking services) (Zeithaml, 1981).

Furthermore, studies have shown that it is difficult for small private banks or asset management companies (with assets under management of less than 10 billion CHF) to be profitable. Small private banking providers achieve lower median revenues per employee at only marginally lower median costs (Birchler, Bühler, Ettlin, & Forrer, 2011). Asset under management is the amount of client-money managed by an asset manager (Assets under management, n. d.) or a financial service provider.

### 2.2 Consumer perception

Perception is part of consumer behaviour and a concept in its own right (Belch & Belch, 2009; Harrell, 1986). In marketing, perception is defined by Creamer (2007) as a process by which an individual receives, selects, organizes and interprets information to create a meaningful picture of the world (Creamer, 2007). “Perception refers to a consumer’s awareness and interpretation of reality” (Babin & Harris, 2010, p. 41). The perception of the consumer depends on internal factors such as beliefs, experiences, needs, moods and expectations. The needs are defined as a motivating source that requires action for its satisfaction and are finite; in contrast wants arise from desires and are boundless (Need, n. d.). Further, consumer perception is influenced by the characteristics of a stimulus (like intensity) and by the context in which it is seen or heard (Belch & Belch, 2009). The context is specified as “the surroundings associated with phenomena which help to illustrate that [sic] phenomenon” (Cappelli & Sherer, 1991, p. 56). Stressing the importance of prior experience, Pickens (2005, p. 52) holds that “the person interprets the stimuli into something meaningful to him or her based on prior experiences”. This interpretation or perception may be substantially different from reality (Pickens, 2005). Importantly, perception refers to a given point in time and may change over time (Lamb, Dunne, & Dunne, 2011). Belch & Belch (2009) stated that the perception process is divided into three processes (Figure 3).

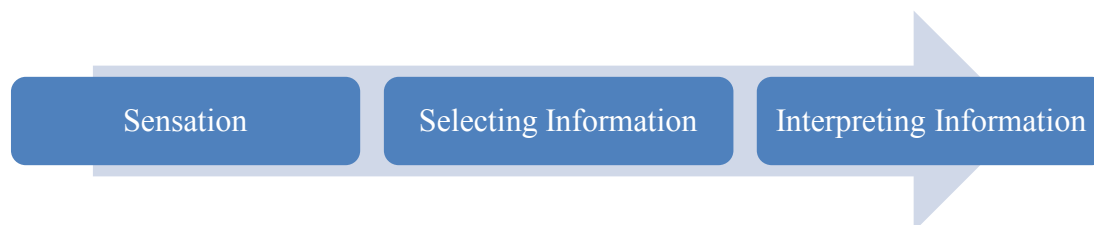


Figure 3: Perception processes based on Belch & Belch (2009)

*Sensation* is the immediate response of the sense to a stimulus such as a brand name or package and is used to create a representation of the stimulus. *Selecting information* is the next process. Determinants of whether stimuli will be attended to and how they will be interpreted by internal psychological factors like consumer’s personality, needs, experience and motives. These psychological inputs explain why some people focus on things and other ignore them. In the next step, the *information interpretation* process, information will be organized, categorized and interpreted. This process is individualized and influenced by internal psychological factors (Belch & Belch, 2009).

## II. LITERATURE REVIEW

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### *Consumer perception and customer satisfaction*

Ricklies (2006) stated that customer perception is important as the value a customer perceives when buying a product or service goes beyond the usability or functionality. There is a set of emotional values like social status, exclusivity, friendliness, responsiveness or the degree to which the expectations are met. It is important to understand the feeling and emotional involvement in perception which, in today's competitive marketplace, is becoming ever more important for gaining sustainable competitive advantage (Recklies, 2006). By focusing on consumer perception private banks might create competitive advantage by giving consumers the feeling that private banking services delivered their expected function and fulfilled their needs. If the customer perceptions meet expectations, the expectations are confirmed and the customer is satisfied (Hoffman & Bateson, 2010). The statement of Hoffman and Bateson (2010) is based on the expectation disconfirmation theory originated from Oliver (1980). The disconfirmation theory is one of the most commonly accepted theories of consumer satisfaction (Babin & Harris, 2010). Expectations and perceived performance lead to post-purchase satisfaction. This is mediated through negative and positive disconfirmation between expectations and performance. If a product or service is better than expected (positive disconfirmation) it will result in post-purchase satisfaction or, vice versa, if a products or service is worse than expected (negative disconfirmation) the consumer will be dissatisfied (Oliver, 1980). Important for achieving customer satisfaction is also to create and to maintain successful relationships (Reichheld & Sasser, 1990). This applies especially in service industries for which credence qualities are high (Ennew & Binks, 1996).

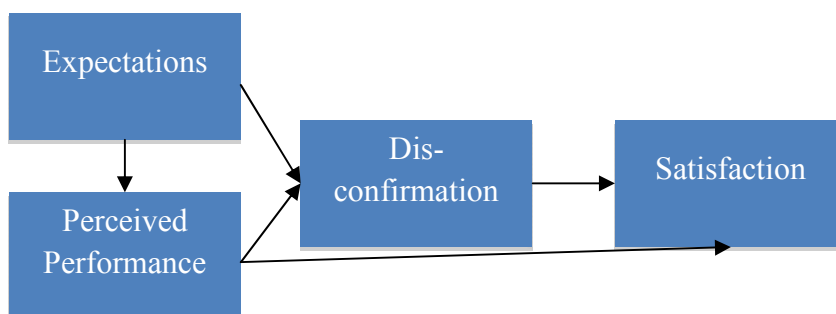


Figure 4: Oliver's (1980) Expectation disconfirmation theory – figure created by Nevo (2005)

It has to be mentioned that both perception and consumer satisfaction are part of consumer behaviour but are independent concepts (Belch & Belch, 2009; Harrell, 1986). Satisfaction/dissatisfaction is a post purchase evaluation and a stage in the



## II. LITERATURE REVIEW

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consumer decision process. Consumer perception is a psychological theory that influences the consumer decision-making process (Belch & Belch, 2009) and this theory is closely linked to other constructs (Harrell, 1986) like the mentioned relation to consumer satisfaction. As already stated, the present thesis focuses on the concept of private banking consumer perception in relation to customer satisfaction.

To get and keep customers satisfied companies need to know and understand consumer perception and expectation. The definition and description of consumer perception and satisfaction is fundamental and important to analyse private banking consumer perception in the aftermath of an acquisition. The researcher must understand the internal factors, the influence of the characteristics and the context which influences consumer perception. Additionally, the consumer perception process must be taken into account during all research phases and has a major influence on the chosen research methods and methodology and, finally, on the outcome of the present research.

### **2.3 Acquisition**

Acquisition is where strategies are developed to take over ownership of another organization (Johnson et al., 2006). It is defined as a takeover in which the bidder directly negotiates with the target company's board of directors (Hubbard, 2001). The taken-over firms are called acquiree, targets or even victims and firms that make the takeover are called acquirer or predators (Pike & Neale, 2006). It is important to distinguish an acquisition from a merger. A merger is defined as a fusion between two approximately equal-sized companies (Pride, Hughes, & Kapor, 2002), while an acquisition describes a process of one larger company purchasing shares of a smaller company to gain the ownership of the other organization (Cartwright, Cartwright, & Cooper, 1996). The acquisition offers the acquirer the possibility of strengthening its existing market position quickly (Grünig & Kühn, 2008). When an acquirer acquires a target to strengthen its market position it is mostly done by the acquisition of the target's customer base, product or brand (Frankel, 2005).

The number of completed acquisitions tripled between 1991 and 2001. The general motives of acquisitions or mergers are different. These are grouped by environment, strategic, capability and expansion motives (Johnson et al., 2006). Statistics have shown that half of acquisitions are not successful (Forstman, 1998; Hubbard, 2001; Ravenscraft

## II. LITERATURE REVIEW

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& Scherer, 1987) which is also the case for mergers and acquisition in private banking as more than ten per cent of an acquired private bank's client base is already lost within the first year of acquisition by more than half of the acquisitions (please refer to Figure 5; percentage of lost clients on the vertical axis and the respective percentage of acquisitions on the horizontal axis) (Fasnacht, 2009; KPMG, 2004). In private banking and wealth management, the primary motive for acquisition is to increase the size of the client segments and to expand the product and service expertise (KPMG, 2004). Further, banks defined the retention of key clients as a critical factor for successful acquisition integration (Cohen et al., 2006; Miles & Rouse, 2011; KPMG, 2004; Knoll, 2005). This shows, although the retention of clients is valued very highly by banks during an acquisition process, that a lot of clients are lost during the acquisition process. Furthermore, banks seem to have realized that an acquisition is associated with the risk of losing customers as they use customer churn rates as a measurement for failure or success of the acquisition.

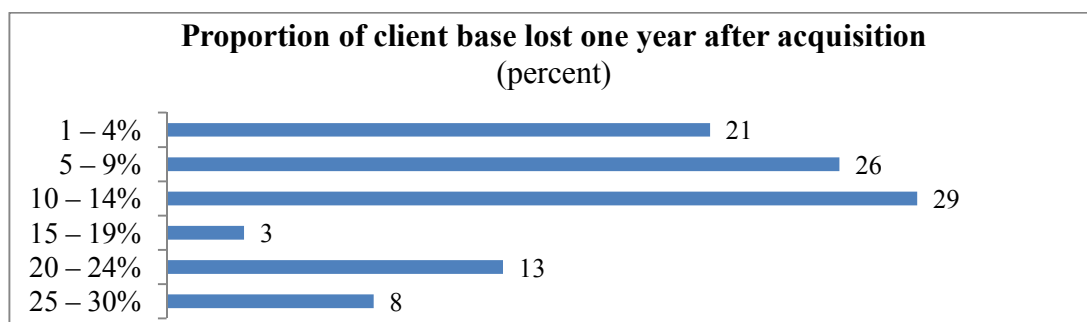


Figure 5: Proportion of client base lost one year after acquisition (KPMG, 2004)

Additionally, cultural fit is seen to be the most critical factor during the acquisition process (please refer to Figure 6) (Knoll, 2005; KPMG, 2004) and most under achievements of acquisitions result from the problems of cultural fit (Hellriegel, Hellriegel, & Jackson, 2007; Johnson et al., 2006; KPMG, 2004; Rein, 2009). Figure 6 displays the factors that are considered to be critical to successful post-acquisition integration. Nevertheless, insufficient attention is given to the cultural pre-completion phase. Private Banks overwhelmingly see their acquisitions as successful although there is much room for improvement in terms of cultural integration (KPMG, 2004) and in order to improve the chances of success of a merger or of acquisition processes, critical success factors like strategic and cultural fit must be considered (Knoll, 2005). Further, the business models and/or organisation routines are different in each organisation,

which leads to a collision of different cultures (Johnson et al., 2006; Knoll, 2005). This collision makes it difficult for acquirers to use the full potential of acquisition.

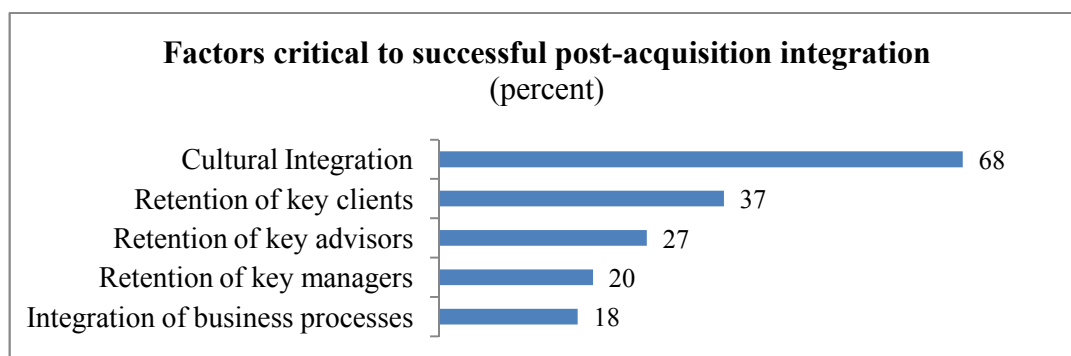


Figure 6: Factors critical to successful post-acquisition integration (KPMG, 2004)

To understand what is meant by culture and cultural integration and why cultural integration is difficult, organizational culture is explained in the next subsection. Additionally, it will be explained how organizational culture and consumer perception are connected to each other to provide the reader with further necessary background information.

## 2.4 Organizational culture

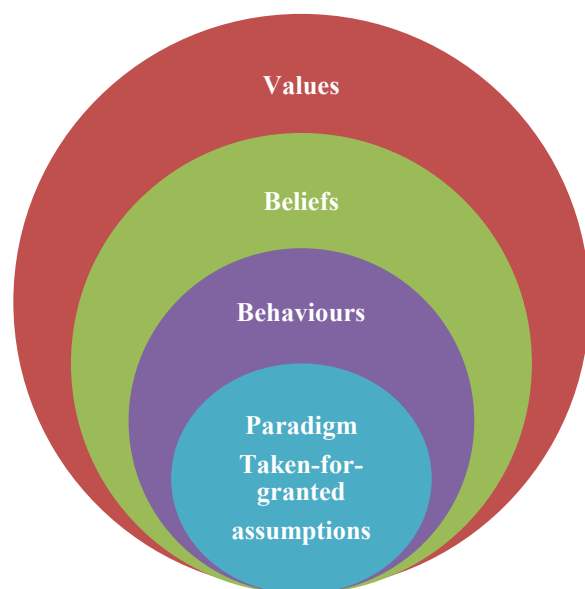


Figure 7: Culture in four layers (Based on (Johnson et al., 2006))

Organizational culture is defined by Schein (1992, p. 6) as “basic assumptions and beliefs that are shared by members of an organisation that operate unconsciously and define in a basic taken-for-granted fashion an organisation’s view of itself and its environment”. Processes are taken-for-granted (routines) and accumulate over time. Therefore, culture contributes to

how groups of people respond and behave in terms of occurring issues and problems.

The taken-for-granted is handed down over time within a group. A group can be an organisational unit, an industry sector or a national culture. Further, the taken-for-granted assumption has an impact on the strategy of an organisation as it guides how

## II. LITERATURE REVIEW

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people in an organisation view that organisation and it tends to constrain what is seen as appropriate behaviour and activity. The outcome of taken-for-granted assumptions and behaviours inside an organisation is a cultural explanation of strategy development (Johnson et al., 2006).

The organisational culture consists of four layers (please refer to Figure 7), values, beliefs, behaviours and taken-for-granted assumptions. Values are often written down as statements about the company's mission, objectives or strategies. A belief might be that a company is not trading with particular countries. Behaviours are a day-to-day way of working, like routines, how the organisation is structured and controlled. Taken-for-granted assumptions are the core of an organisation's culture and refer to the organisational paradigm (Johnson et al., 2006).

On the one hand, Cameron and Quinn (2011) stated that the key ingredient and most powerful factor for competitive advantage of extraordinarily successful companies worldwide is the organizational culture. This sustained success of large companies is due to their company values, personal beliefs and company vision, which creates a distinctive, readily identifiable organizational culture and this leads to a competitive advantage (Cameron & Quinn, 2011). The culture is sometimes created by the founder of the company and emerges over a period of time as an organization is developed consciously by management teams that want to improve their company performance. On the other hand, it can happen that an embedded business idea becomes a ready-made solution and is routinized to circumstances that arise. Business idea becomes less and less relevant to the environment which after time leads to myopia. Myopia refers to a company that is product orientated instead of customer orientated (Levitt, 1960). It could further lead to a strategic drift. "Strategies progressively fail to address the strategic position of the organisation and performance deteriorates" (Johnson et al., 2006, p. 582). This drift is often connected with the Icarus Paradox. The Icarus Paradox describes if a successful company becomes the victim of the very success of their past in such a way that the actual strategy progressively will fail to address the strategic position of the organisation. The organisation uses gained profits to reinvest in the company to grow and to gain further profit. However, the company remains concentrated on tried and tested strategies instead of adapting the strategy towards the

## II. LITERATURE REVIEW

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market changes (Miller, 1990). It takes its name from Icarus, of Greek mythology who flew too close to the sun and melted his own wings.

In addition to a culture a subculture might exist inside an organisation. An organisational subculture is when assumptions and values are shared by some but not all organisational members. The reasons for subcultures are different. They occur due to departments within an organisation that have their own values and norms, operations are located in different geographic regions or the organization was created from a merger or an acquisition (Hellriegel et al., 2007). On the one hand, this makes it even more difficult for companies to define and document their organizational culture, and changing the culture is difficult, as the subcultures need to be altered as well. On the other hand, it makes it more difficult for other companies to copy the organizational culture as the complexity of the organizational culture and subcultures might not be copied easily.

As stated earlier, consumer perception is influenced by the context in which it is seen or heard. Bank employees are involved in the process of an acquisition and have an influence on the perceptions of the private banking consumers as they form the context and influence internal factors such as beliefs, needs, moods, etc. How private banking employees behave and react during an acquisition in front of a client depends upon the values, beliefs, behaviour and taken-for-granted assumptions of the group which is defined as the organizational culture. Finally, organizational culture needs to be considered during the present research as it influences the context and the consumer beliefs, moods and expectations during an acquisition process, which further influences the private banking consumer perception.

### **2.5 EFQM excellence model**

As mentioned previously, expectations and perceived performance lead to post-purchase satisfaction (Oliver, 1980). Different stakeholders influence with their behaviour, routines, actions and taken-for-granted assumptions the perception and finally the satisfaction of the clients. Consequently, it is useful and important for managers and leaders to have a model that displays the relationship between the different stakeholders and their achieved results. These achievements result in satisfaction (Kotler, Wong, Saunders, & Armstrong, 2005). Especially, as the world is constantly changing and the

## II. LITERATURE REVIEW

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complexity between organisation, communities, countries and economies increases, organisations need to continually innovate and improve to remain competitive. This is even more important for mergers and acquisitions as these are major changes for companies. To be innovative and remain competitive, it is mandatory for every leader to understand and manage the needs and expectations of their stakeholders (Hakes, 2007). The European Foundation for Quality Management (EFQM) excellence model (please refer to Figure 8) is a management framework to understand and manage this complexity. It makes the cause and effect relationships between the action of the company, the enablers (displayed in red boxes), and their achieved results (displayed in green boxes) comprehensible.

Organizations grade themselves against the nine criteria of the model. This helps the companies to identify current strengths and areas for improvements against the strategic objectives. Gap analysis identifies improvement plans to achieve enhanced performance. The five enabler categories may be developed and implemented by the company in their strategy.

- *Leadership* consists of leaders that shape the future and act as a theoretical working model in terms of ethics and values. They react in a timely manner to ensure the success of the company.
- Plans, policies and objectives are developed by an organisation to deliver the *strategy*.
- Organisations need to value their *people* and to create a culture that allows the achievement of organisational and personal goals. It is important to motivate people to use their skills and knowledge for the benefit of the organisation.
- Manage and plan *partnership & resources* is required to support strategy and for effective operation processes.
- *Processes, products & services* must be designed and improved to generate increasing value for customers and stakeholders.

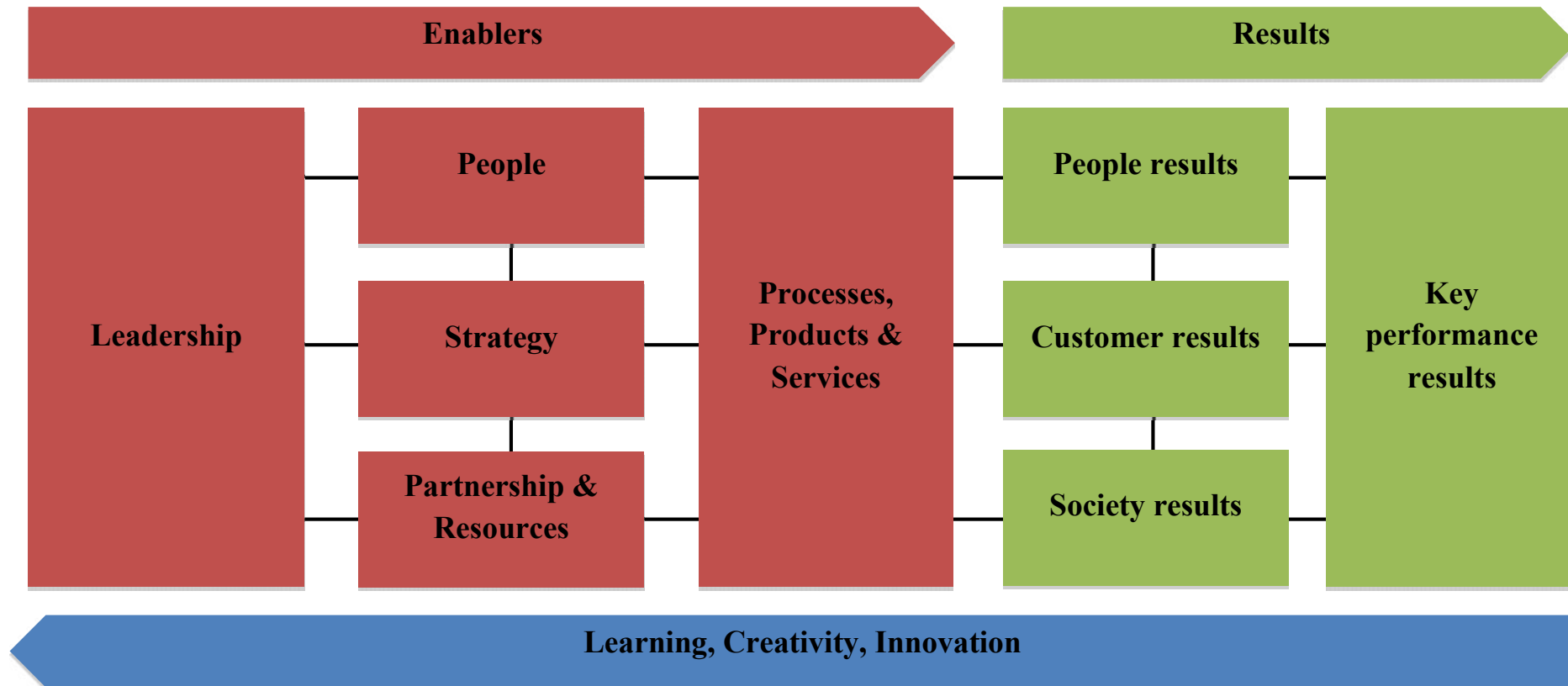


Figure 8: EFQM excellence model (EFQM, 2012)

## II. LITERATURE REVIEW

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The four results criteria are the results an organisation achieves in line with the strategic goals. The achievements result in satisfaction (Kotler, Wong, Saunders, & Armstrong, 2005). Organisations develop and agree a set of indicators and outcomes to determine the successful deployment of the company strategy based on the needs and expectations of

- *customer,*
- *people,*
- *society* and external stakeholders as well as
- *key stakeholders.*

The results gained should be used by a company to improve service quality, to learn and to be innovative. This leads to “the learning organisation”. A learning organisation is an organisation that is skilled in two fields: First the organisation is creating, acquiring, using, transferring and retaining knowledge. Secondly it is acting and modifying its behaviour to respond to the new knowledge it attains (Garvin & Edmondson, n. d.). The way organisations and individuals learn may become the only sustainable competitive advantage. A sustainable competitive advantage (SCA) is a value-creating position that is to be expected to endure over time (Moore, 2008, p. 374). Products, processes and services can be copied but if you learn more rapidly than the competition you can get ahead and stay ahead (Garvin et al., n. d.). If companies do not learn as fast as the environment changes they lose their sustainable competitive advantage. Thus, the learning organisation is very important. It helps the company to gain or maintain a sustainable competitive advantage by continuous learning and improvement.

Kotler et al. (2005) stated that customer satisfaction and company profitability are linked with the product and service quality perceived. The “higher levels of quality result in greater customer satisfaction” (p. 471) and the higher level of quality supports higher prices by lower costs. Quality is defined by the International Organization for Standardization (ISO) as “the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs” (p. 472). Results should be used by an organisation to learn from and to be innovative. Hence, quality management is important to achieve customer satisfaction and managers have to



improve service quality by adapting their company's strategy so that their company is and remains profitable (EFQM, 2012).

### **2.6 Traditional and extended marketing mix**

Marketing in general is the market orientated management of the organisation as a whole or the market orientated decision-making behaviour of an enterprise (Nischlag, Dichtl, & Hörschgen, 1997). A company that is market orientated has a good understanding of its customer needs and how to fulfil those needs (Milisavljević, 2005). Furthermore, Belch and Belch (2009) stated that marketing is used to facilitate the exchange process and development of relationships by examining the needs and wants of consumers, developing a product or service that satisfies these needs, offering it at a certain price, making it available through places or channels of distribution, developing a programme of promotion or communication to create awareness and interest. The basic task of marketing is to combine the four elements; product, price, place and promotion from the traditional marketing mix and combining these into an integrated marketing programme. This programme facilitates the potential exchange with consumers in the marketplace. The combination to form an effective marketing programme that delivers value to consumers is the objective of the marketing mix. To achieve this objective the market must be analysed through consumer research and the information must be used to develop a marketing mix (Belch & Belch, 2009).

Booms and Bitner (1981) developed the extended marketing mix which expanded the four variables of the original/traditional marketing mix to seven variables (People, Process and Physical evidence). As the original or traditional marketing mix model was useful for tangible products the extended marketing mix is used for service industries (e.g. banking/financial services). *People* are all those directly or indirectly involved in the consumption of a service like employees, management, and other consumers. These add significant value to the product or service offering. *Processes* are procedures and flows of activities by which services are consumed. *Physical evidence* is the ability and environment in which the service is delivered that helps to communicate and perform the service and experience of existing customers, and the ability of the business to relay that customer satisfaction to potential customers (Booms & Bitner, 1981). The process-based definition of satisfaction by Vavra (2002) focuses on the customer's evaluation of consumption or interaction experience with an organization. Customer satisfaction is a

## II. LITERATURE REVIEW

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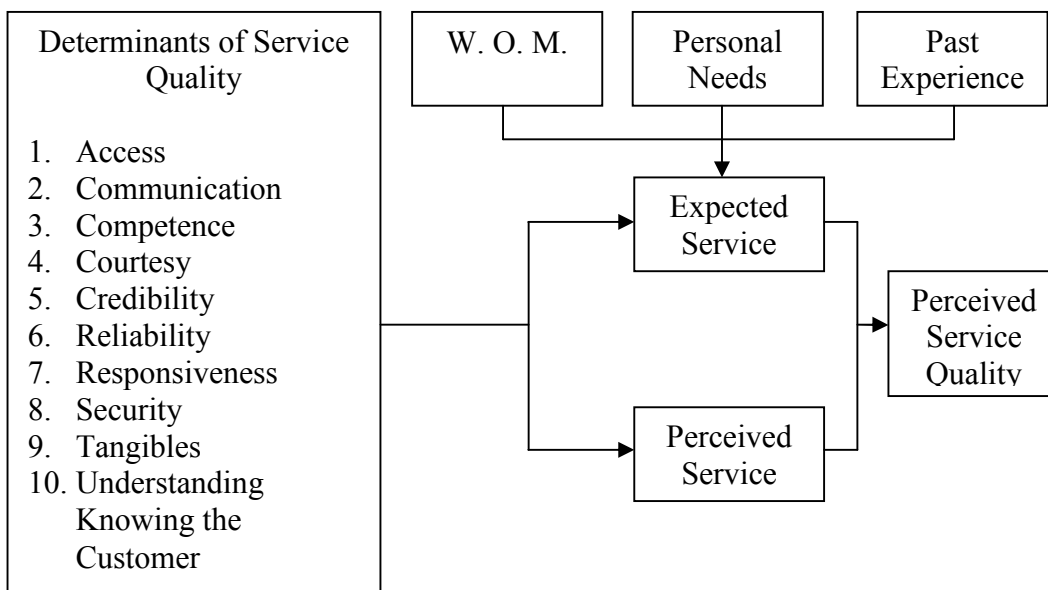
result of the customer perceiving that an organization has met or exceeded his or her expectations regarding overall conduct and key performance criteria. The key performance criteria must be identified as being critical by an organization (Vavra, 2002). Consumer satisfaction as well as consumer perception have a strong relationship to each other. Both theories state that the consumer has specific expectations before the service or product is received. Perception follows but consumer perception is an independent concept (Harrell, 1986) and part of consumer behaviour (Belch & Belch, 2009).

The extended marketing mix is very useful for consumer perception as it is used to identify that satisfaction as well as consumer perception have a strong relationship with each other (Belch & Belch, 2009). Further it is a management tool to cover the marketing elements and allow the management to have some control over these elements.

### **2.7 Definition of a theoretical working model**

There are many models which are used to describe consumer perception in terms of brand dynamics (Dyson, Farr, & Hollis, 1996), food (Grunert, 2005), products in general (Busler, 2002) and many more. However, no perception model was found which dealt with the perception of private banking or bank consumers in general. As the banking sector is a service industry the author searched for service quality consumer perception models. One model could be found from Parasuraman et al. (1985) which shows the determinants of perceived service quality (please refer to Figure 9). Parasuraman et al. (1985) explored how consumers use similar criteria in evaluating service quality. They called these criteria determinants of service quality. Determinants are defined as categories that consist of different criteria used by the consumer to evaluate a perceived service. The determinants are access, communication, competence, courtesy, credibility, responsiveness, security, tangibles and understanding the customer that are used by the consumer to evaluate the service quality. Word of mouth, personal needs and past experience influence the expected service. The expected service and the service perceived are influenced by the determinants of service quality and construct the service quality perception of the customer.

## II. LITERATURE REVIEW



**Figure 9: Determinants of Perceived Service Quality (Parasuraman et al., 1985)**

Parasuraman et al. (1985) model of perceived service quality was used as a theoretical working model for private banking consumer perception. It was chosen because private banks require a high and consistent level of service quality (Lassar et al., 2000b). Therefore, most of the determinants and attributes mentioned are hypothesized to have an influence on private banking consumer perception. In the synthesis part of the systematic literature review (Section 7) the attributes which influence the private banking consumer perceptions will be related to the determinants of Parasuraman et al. (1985) where possible. Parasuraman et al. (1985) consolidated the mentioned ten determinants above to five broad dimensions at a later research stage and created the well-known SERVQUAL instrument (Parasuraman, Zeithaml, & Berry, 1988). The author decided to use the “original” ten determinants during his research and the reason for this decision is due to the following arguments: The ten dimensions are more accurately defined and can be discriminated from each other. Therefore, an overlapping of the different dimensions can be reduced. Further, the different ten dimensions and their detailed and clear definition make it easier for the researcher to identify whether or not a dimension has been discovered yet.

The SERVQUAL measurement instrument has been criticized by many academics and some of these criticisms affect the model of perceived service quality created by Parasuraman et al. (1985), too, as the perceived service quality model was used as the basis for the SERVQUAL instrument. Van Dyke, Kappelman, and Prybutok (1997) claimed that the expectation construct is uncertain as different definitions resulted from

## II. LITERATURE REVIEW

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uncertainly defined concepts (Van Dyke et al., 1997). Buttle (1996) mentioned that the consumer evaluates the service quality on the basis of standards other than expectations (Buttle, 1996) but this is not considered by the model of Parasuraman et al. (1988). There is further criticism on the SERVQUAL instrument that affects the model of perceived service quality as well but despite these criticisms the SERVQUAL instrument and the model of perceived service quality remain a central part of customer satisfaction theory.

The researcher modified the theoretical working model in relation to the literature findings made so far. As mentioned earlier, the bank employees have an influence on the perceptions of the private banking consumers as they form the context and influence internal factors such as beliefs, needs, moods, etc. How private banking employees behave and react during an acquisition in-front of a client depends on the values, beliefs, behaviour and taken-for-granted assumptions of the group which is defined as the organizational culture. Therefore, the factor organizational culture needs to be considered by the theoretical working model of private banking consumer perception as organizational culture drives the determinants.

Apart from that, it was explored that fulfilled or exceeded expectations lead to satisfaction (Oliver, 1980) which needs to be considered by the model of private banking consumer perception as well.

Figure 10 displays the theoretical working model which will be adapted further during the systematic literature review. It could be claimed that a thematic review could have been used to discuss the work of Parasuraman et al. (1985) and to find out what the current state of research is in light of their work. This possibility was considered but rejected due to the following reason: The focus of the present research lies on private banking consumer perception. A thematic review based on the theoretical working model on service quality perception would set a wrong focus and shift too much weight on the service quality perception model and, in turn, affect the quality of the review.

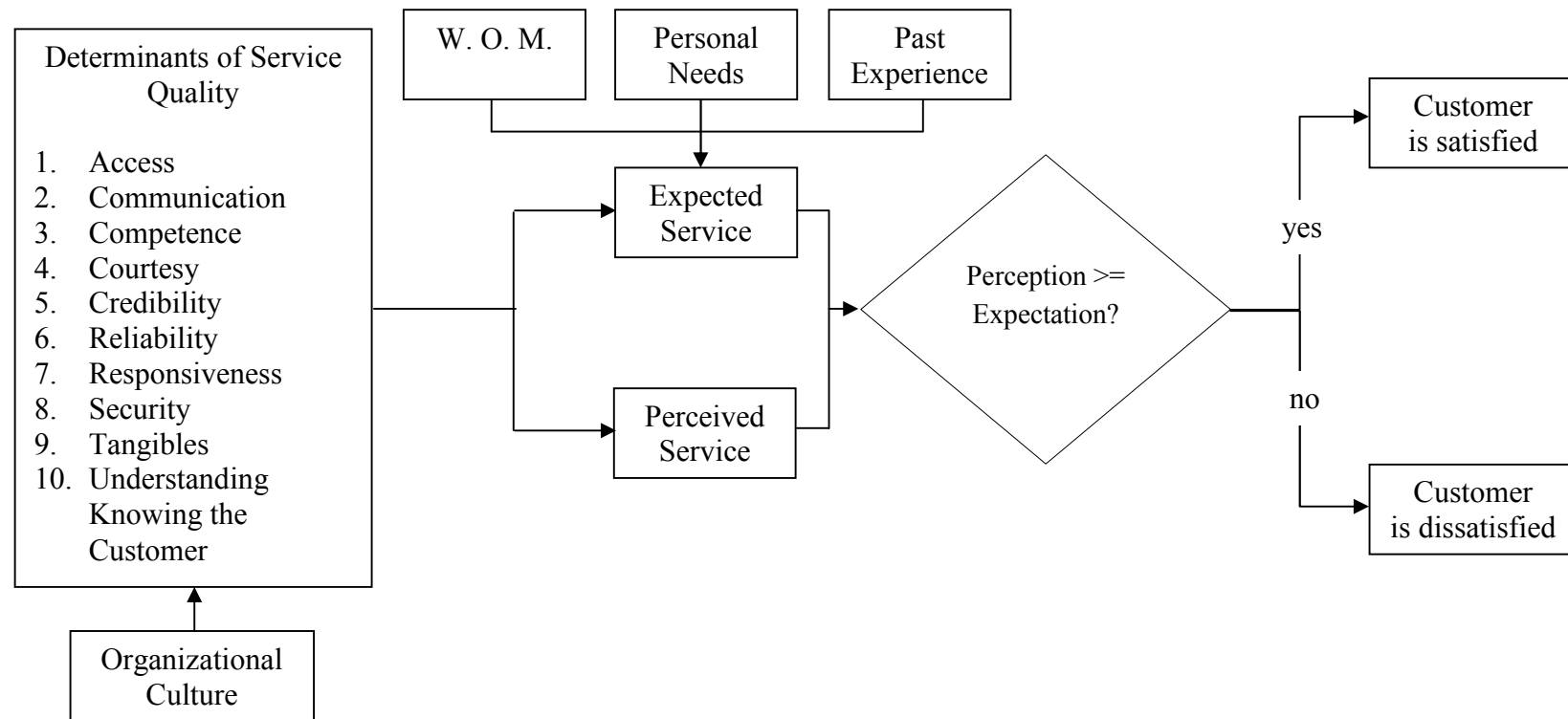


Figure 10: Theoretical working model of private banking consumer perception (own creation) based on Parasuraman et al. (1985) and Oliver (1980)

### **3. Systematic literature review aims and search strategy**

The systematic literature review of the present work consists of four stages: a search strategy to locate studies, the application of inclusion/exclusion criteria, quality appraisal and the integration of findings (McDermott, Graham, & Hamilton, 2004). In addition to that, a short explanation of the data extraction method is given before the synthesis/findings section to provide full transparency of the systematic literature review process. The systematic literature review follows a protocol which describes the objectives, concepts and methods in advance. Steps and decisions are documented to allow the reader to follow and evaluate the reviewers' methods (Moher, et al., 1999). Furthermore, the transparent and well-defined methodology makes it less likely that the results of the literature are biased (Kitchenham & Charters, 2007).

The systematic literature review of the present thesis searches, extracts, analyses, and synthesizes qualitative and quantitative studies on private banking consumer perceptions and expectations. Furthermore, any other material on banking consumer perceptions (e.g. retail banking, wealth management) will be taken into account if not enough literature in private banking will be found to provide indicative findings. Additionally, it will be analysed which impact the acquisition in private banking has or might have on the consumers' perception. With the knowledge gained by the present research, the private banking service providers can better recognize the bank consumers' needs and perceptions. This could lead to a competitive advantage in terms of private-banking. A company experiences a competitive advantage when its action creates economic value, and only a few competing firms are able to do the same (Barney, 2002).

#### **3.1 Aims**

The aim of the review (section three to ten) is a systematic review of qualitative and quantitative research on the private banking consumer perception. A systematic review intends to locate and synthesize research which bears on a particular question. It summarizes the evidences and keeps the reader up-to-date (Brettel, 2012) which is important in terms of private banking consumer perception as perception changes over time (Lamb et al., 2011). Especially the financial crisis forces private banking providers to change their strategy (Schulze Osthoff, 2010) which in turn might influences private banking consumer perception.

## II. LITERATURE REVIEW

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The systematic literature review uses organized, transparent, and replicable procedures at each step of the process. The systematic review takes actions to minimize errors and biases (Littell, Corcoran, & Pillai, 2008). A template for a systematic literature review protocol was used by the author as a checklist and is located in Appendix 1.

### **3.2 Search strategy**

#### *Specification and justification of the basic strategy*

The present review was undertaken by using an automated search as basic strategy. To undertake this strategy, the author types in specific search terms in search engines. These engines compare the search terms with the body text and title of existing research papers. This allows the researcher to identify relevant studies very fast. Most up-to-date literature can be accessed via this technique.

#### *Specification of the search terms*

For the systematic literature review the following search terms were used:

English and German Search Terms:

“Private banking” OR bank\* AND consumer OR customer OR client AND perception\*

“Wealth management” AND consumer OR customer OR client AND perception\*

The asterisk was also used to include words like banking, banks or perception as well as perceptions.

It should be noted that the search term ‘service quality’ was excluded from the systematic literature review search strategy due to the following reasons: As previously mentioned private banking service is characterized by a very individual, custom-made (Fasnacht, 2009) and sophisticated service (Manger, 2012). This is manifest in terms of investment products and diversification) with a strong personal relationship between customer and bank or client (Rock-Mach, 1994). Service quality research is perceived as too general as it does neither consider these special characteristics of the private banking service nor the banking consumer perception. In addition a search on service quality would result in too many hits which makes it very difficult to find relevant

## II. LITERATURE REVIEW

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literature. Incorporating the model of perceived service quality into the start of the narrative literature review allowed the researcher to acknowledge its theoretical contribution whilst concentrating on the more selective literature. The search strategy was used to concentrate on particular literature about private banking consumer perception and acquisition. Hence, research in service quality was considered as inappropriate for the search strategy of the systematic review on private banking consumer perception.

### *Resources used for automated search*

For the review different search strategies were used to search for and locate different relevant reports and literature. The search was undertaken in online libraries/databases and internet search engines. Additionally, specific bank magazines and newspapers were used. All the research was done by “automated” research via online search engines or databases.

- The following online databases and libraries of academic sources were researched.
  - Emerald Insight "<http://www.emeraldinsight.com>"
  - EBSCO Host; which consist of the following: <http://web.ebscohost.com>
    - Business Source Complete
    - Regional Business News
  - Electronic Theses online service <http://ethos.bl.uk/>
  - Zetoc Electronic Table of contents <http://zetoc.mimas.ac.uk/>
  
- In terms of a web search engine Google (<http://www.google.de/>) was used to discover adequate literature. This is one of the biggest search engines and, hence, delivers the highest amount of search results.
  
- The subsequent newspapers and magazines specialized on banking were examined by doing an online research on the homepage of the publisher.
  - Handelszeitung (CH) <http://www.handelszeitung.ch>
  - Handelsblatt (D) <http://www.handelsblatt.de>
  - Die Zeit (D) <http://www.zeit.de>
  - Gemeinsamer Bibliotheksverbund (D) <http://www.gbv.de/vgm/>



- Dissertationen Online (D/E) <http://www.dissonline.de>

By conducting a qualitative and quantitative review the author intended to achieve an overview and knowledge of the research methods and methodologies used and applied by researched literature which are consistent with the researcher's objectives. The different research approaches were acknowledged by searching for and identifying typical design terms of a philosophical approach in the header or inside the explored text. E.g. the word "qualitative" or "perspective" indicates that the respective paper is based on qualitative research, whereas words like "quantitative" or "measure" indicate that the paper is based on a quantitative approach (McDermott et al., 2004). The researcher used a critical realists' perspective which offers the researcher the skills to construct theory about mechanisms and to discover their effects (Bryman & Bell, 2007) (the philosophical standpoint will be explained in the "Empirical research strategy and methodology" chapter of this dissertation). Critical realism suggests that both, qualitative and quantitative methods are relevant to explanations and events (Fleetwood & Ackroyd, 2004). The data gathered by the systematic literature review will be used to identify patterns and create hypotheses about private banking consumer perception process as well as factors and determinants which influence this perception.

- The described research databases gained a sum of 667 academic results. By reading and analysing the titles, abstracts and conclusions 653 could be rejected because they did not deal with banks or did not focus on bank consumer perceptions.
- Google search engine gained about 2,000,000 hits. By adapting the search that the term must be found in the title 254 results were achieved. By evaluating and verifying the introduction and titles as well as eliminating duplicate search results the outcome could be reduced to 18.
- Online newspapers and magazines yielded ten results. Six of them were rejected as they did not refer to the banking market.

## II. LITERATURE REVIEW

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### *Specification of the time period to be covered by the review*

A time frame was set from 1995. No older research papers could be accepted because the perceptions of bank consumers are different and the paper is out-of-date in older papers as perception refers to a given point in time and perception may change over time (Lamb et al., 2011).

As no coherent model could be found (when considering the time frame from 1995) which could be used as a theoretical working model for private banking consumer perception, it was decided to choose an older model. The model of perceived service quality by Parasuraman et al. (1985) was used for the systematic literature review part as a theoretical working model for private banking consumer perception and this model was discovered and explained in the background information subsection of this chapter.

### *Ancillary search procedures*

As the automated research via internet search engines and online database only achieved a low number of results, the author used further possibilities to increase the number of relevant literature for the systematic literature review. Hence, references of research texts have been collected and analysed (snowballing) and used to find often cited resources could be important for the present research paper. By using this method one additional article was found. Further, specialists in the (private) banking and marketing sector were asked for advice which resulted in three further studies.

**4. Selection criteria**

**4.1 Identification of inclusion and exclusion criteria**

Table 1 shows the inclusion and exclusion criteria for the remaining 40 studies:

<b>Parameters</b>	<b>Inclusion Criteria</b>	<b>Exclusion Criteria</b>
<b>Time Frame</b>	Published from 1995 (inclusive)	Published before 1995
<b>Outcomes</b>	Studies dealing with the <u>overall/general</u> perceptions of bank consumers/customers in private banking, retail banking, wealth management or banks in general	Studies not dealing with the perceptions of bank consumers/customers in private banking, retail banking, wealth management or banks in general
<b>Language</b>	English or German	Studies not written in English or German

**Table 1: Inclusion/Exclusion criteria**

*Time frame*

As already stated, a time frame was set from 1995 and no older research papers could be accepted because the perceptions of bank consumers are different and out-of-date in older papers.

*Outcome*

Additionally, the paper must deal with bank consumer perceptions. General perceptions of customers cannot be recognized as these might be too different from banking perceptions.

*Language*

The papers must be written in English or German due to language limitations of the researcher.

## II. LITERATURE REVIEW

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All studies were read and related to the inclusion/exclusion criteria. After applying the literature to the inclusion/exclusion criteria, further literature could be excluded.

All in all 35 results were found to meet the inclusion criteria. The five rejected studies were excluded from the systematic literature review.

### **5. Quality assessment**

Not all research papers are of the same quality or high standard (Cullum & Droogan, 1999). Critiquing is a systematic method to appraise the strengths, weaknesses and limitations of research papers in order to determine the credibility and applicability to practice (Valente, 2003). A critique is an impersonal evaluation of strengths of a research paper. It should neither be seen as a belittlement of the researchers' ability nor as a match between the research and reviewer (Coughlan, Cronin, & Ryan, 2007). This "sort" of critique is called "intellectual critique" which evaluates the creation and not the creator (Burns & Grove, 1999).

#### **5.1 Quality checklist**

As mentioned earlier, the current review considers qualitative and quantitative studies. The quality assessment of qualitative research is difficult and highly contested and there are no commonly-agreed quality criteria for those types of studies (McDermott et al., 2004). The researcher summarized the elements to a checklist which could be used for qualitative and quantitative study. The checklist consisted of quality measurements with the elements, integrity (i), reliability (r) and validity (v) which were used by the researcher. The elements of quality are described as followed:

##### *Integrity*

Integrity deals with the robustness of the research study. It is important to identify how appropriately the researcher followed the steps in the research process (Coughlan et al., 2007).

##### *Reliability*

Reliability focuses on the consistency or repeatability of the measurements. This means, if somebody repeats the research, he will be able to obtain the same results (Collis & Hussey, 2003). Reliability cannot be measured – it can only be estimated.

##### *Validity*

Validity is the extent to which the findings accurately represent what is really happening in the situation. It focuses on the study's success at measuring what the investigator is measuring (Collis & Hussey, 2003).

## II. LITERATURE REVIEW

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Element	Description	Grade	Justification
Integrity	Was the research process correct		
Reliability	Could the research be repeated?		
Validity	Was the measurement accurate?		
Overall			

Table 2: Quality Checklist

The author used the quality checklist displayed as Table 2 and applied it to the literature. By applying marks from one to three (3 = fulfilled; 2 = partially fulfilled; 1 = not fulfilled) to each element, an average mark was calculated for every paper. Literature, which gained a mark of one in all criteria, was eliminated. Important and relevant facts which influenced the grade in a significant manner were noted in the field “Justification”.

### *Grey literature*

As the relevant literature was rare, the researcher has not taken a judgement on quality to the extent to which the papers were peer reviewed in academic journals or management reviews. Grey literature was included in the present systematic review. This type of literature consists of government and committee reports, academic papers, theses, bibliographies, conference papers and abstracts, discussion papers, newsletters, PowerPoint presentations, conference proceedings, program evaluation reports, standards/best practice documents, and working papers (Alberani, Pietrangeli, & Mazza, 1990). “Although grey literature is not peer-reviewed, it is often produced by researchers and practitioners who have drawn on their experience.” (Coad, Hardicre, & Devitt, 2006, p. 35). Furthermore, grey literature is very important as it is often up to date and often more detailed than other types of literature. The researcher is aware of the fact that quality and the value of information is a critical issue in terms of grey literature. Hence, by using grey literature it is necessary to carefully evaluate when it was written, by whom and the purpose (Coad et al., 2006).

## II. LITERATURE REVIEW

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### 5.2 Quality assessment results

Three papers were excluded as they did not pass the quality assessment. The following table consists of gathered research papers which met the quality criteria (sorted alphabetically by author).

Nr.	Authors	Title	Date	Focus	Region	Grade (i/r/v)
1	Abratt, R.; Russell, J.	Relationship marketing in private banking in South Africa	1999	Private Banking	South Africa	3/3/3
2	Akerlund, H.	Fading customer relationships in professional services	2005	Private Banking	None	3/3/3
3	Batiz-Lao, B., Muller, K. and Locke, R.	Transferring Rhineland capitalism to the Polish-German border: Perceptions of bank governance and practice in Zgorzelec-Gorlitz		Retail Banking	Germany, Poland and Britain	3/3/3
4	Baumann, C.; Burton, S; Elliot, G. and Kehr, H.	Prediction of attitude and behavioral intentions in retail banking	2007	Retail Banking	Worldwide	3/3/3

## II. LITERATURE REVIEW

Nr.	Authors	Title	Date	Focus	Region	Grade (i/r/v)
5	Bexley, J., Hewer, and Sparks	Service Quality: an empirical study of expectations versus perceptions in the delivery of financial services in community banks	2005	Community banks	South USA	3/3/3
6	Bhalakrishnan, H.	A study on customer perception in banking industry using gap analysis	n. d.	Banking	India	2/1/2
7	Bick, G.; Brown , A. and Abratt, R.	Customer perceptions of the value delivered by retail banks in South Africa	2003	Retail Banking	South Africa	3/3/3
8	Bruhn, M.; Georgi, D.; Tuzovic, S.	The Link Between Marketing Instruments and Customer Perceptions	2011	Banking in General	Switzerland	3/3/3
9	Callewart, P.; Verweire, K.	Winning back your customers Retail banking study 2010		Retail Banking	Belgium	2/2/2



## II. LITERATURE REVIEW

Nr.	Authors	Title	Date	Focus	Region	Grade (i/r/v)
10	Cocca, T.	Kundenbindung im Private Banking	2010	Private banking	Austria, Germany, Switzerland	2/2/2
11	Cohen, D.; Au H.; Yong, C. and Choong, E.	Customer satisfaction: a study of bank customer retention in New Zealand	2006	Private banking	New Zealand	3/3/3
12	Devlin, J. and Ennew, C.	Understanding competitive advantage in retail financial services	1997	Retail Banking	United Kingdom	2/2/3
13	Fraering, M. and Minor S.	Sense of community: an exploratory study of US consumers of financial services	2005	Financial Services	United States of America	3/3/3
14	Galasso, G.	Retention Marketing im Private Banking	1999	Private Banking	Switzerland	3/3/3

## II. LITERATURE REVIEW

Nr.	Authors	Title	Date	Focus	Region	Grade (i/r/v)
15	Gratwohl, Natalie	Freund und Banker	2011	Private Banking	Switzerland	1/2/2
16	Grote, J.	Old Money Vs. New Money	2003	Wealth Management	United States of America	2/2/2
17	Hossain , M.. and Shirley L.	Customer perception on service quality in retail banking in Middle East: the case of Qatar	2009	Retail Banking	Qatar	3/3/3
18	Kailash, M.	An evaluation of customer perception on service quality in retail banking	2011	Retail Banking	India	3/3/3
19	Lassar, W. M., Manolis, C. and Winsor, R.	Service quality perspectives and satisfaction in private banking	2000a	Private Banking	International	3/3/3

## II. LITERATURE REVIEW

Nr.	Authors	Title	Date	Focus	Region	Grade (i/r/v)
20	Lleshanaku , A.	Service Quality Perspectives in Albanian Private Banking [“Private banking” was defined as banks not owned by government]	n. d.	Retail Banking	Albania	3/3/3
21	Macdonald, J.	Quality and the financial service sector	1995	Banking	USA, France and Germany	1/1/2
22	Maude, D	Global Private Banking and Wealth Management: The New Realities	2010	Private Banking	Global	3/3/3
23	Mogicato, Ralph	Studie zur Beratungsqualität in Banken – Divergierende Wahrnehmung bei Kunden und Bankmanagern	2008	Private Banking	Switzerland	2/2/2
24	Molyneux, P. and Omarini A.	PRIVATE BANKING IN EUROPE – Getting Clients & Keeping Them!	2005	Private Banking	None	2/2/2
25	O’Loughlin , D. and Szmigin, I.	Customer perspectives on the role and importance of branding in Irish retail financial services	2005	Retail Banking	Ireland	3/3/3

## II. LITERATURE REVIEW

Nr.	Authors	Title	Date	Focus	Region	Grade (i/r/v)
26	Piske, T.	Wie beraten Banken – was wollen Kunden?	2009	Private Banking	Germany, Switzerland, Austria and Liechtenstein	2/1/2
27	Crosby, et al.,	A new era: redefining ways to deliver trusted advice	2009	Private Banking/Wealth Management	Global	2/2/2
28	Putz, A.	Retention Marketing in Private Banking	2002	Private Banking	Austria	3/3/3
29	Roberts, B. and Campbell, R.	Being new-customer friendly: determinants of service perceptions in retail banking	2007	Retail Banking	12 Metropolitan areas	3/3/3

## II. LITERATURE REVIEW

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<b>Nr.</b>	<b>Authors</b>	<b>Title</b>	<b>Date</b>	<b>Focus</b>	<b>Region</b>	<b>Grade (i/r/v)</b>
30	Urban, D. and Pratt, M.	Perceptions of banking services in the wake of bank mergers: an empirical study	2000	Retail Banking	United States of America	3/3/3
31	Weil, R.	Implementing the value proposition: the acquisition & advisory process	2002	Private Banking	Switzerland	1/1/2
32	Ziekursch, T.	Steigerung der Kundenloyalität durch eine Emotionalisierung der Kundenbeziehung bei Private Banking-Instituten	2010	Private Banking	None	2/2/2

Table 3: Literature which passed the Quality Assessment

### 5.3 Systematic Review results overview

The systematic review gained, in the end, 32 articles which could be used for further data extraction. Figure 11 displays the described procedures of the review process and their results.



Figure 11: Systematic Review process overview

### **6. Data extraction**

Jones (2006) defined data extraction as “an attempt to reduce a complex, messy, context-laden and quantification-resistant reality to a matrix of categories and numbers” (p. 5). In the present review, a formalized data extraction approach, which uses a protocol-driven manual process to extract the data, was applied. A standardized data extraction form was developed by using examples of other research papers. The form allows the extraction of qualitative and quantitative data and was tested on a small number of studies. The step of creating a data extraction form is very important because forms which are too detailed can be wasteful of reviewers’ time; forms which are too brief may omit important data.

### 7. **Synthesis**

#### 7.1 **Narrative synthesis**

In the present review, narrative synthesis was used. This method relies on the use of words and texts by summarizing and explaining findings of multiple studies. This method can involve the manipulation of statistical data and it adopts a textual approach to the process of synthesis. Narrative synthesis involves the juxtaposition of findings from the studies included in the review (Pope, Mays, & Popay, 2007). It brings together the findings from different studies included in a systematic review (Rodgers et al., 2003).

The advantage of narrative synthesis is that it is flexible like a traditional literature review and is appropriate to a wide range of review questions. Additionally, the narrative synthesis framework allows the researcher to produce a more transparent and sophisticated narrative synthesis than in the past (Popay et al., 2006). A research study undertaken by Rodgers et al. (2009) compared a study using narrative synthesis with the same study using meta-analysis. The result was the following: the conclusion of the studies was broadly similar although different methods were used. Even more important is the detailed scrutiny achieved by using narrative synthesis that generated additional insights through comparison into implications for further research. This is a very important reason why narrative synthesis was used for the present systematic literature review: The systematic literature review is used by the researcher to get insights into the topic, find gaps in existing literature and implications for further research. In addition to that, meta-analysis is only feasible if all the same information relating to methods of study and sample size is included in published papers (Bryman & Bell, 2007). As this information is not available for all research papers used in the present systematic review, meta-analysis could not be applied. Hence, narrative synthesis is appropriate for the present synthesis process of the systematic literature review.

As mentioned earlier, in the synthesis part of the systematic literature review the determinants which influence private banking consumer perceptions will be related to the determinants of Parasuraman et al. (1985) where possible. The following structure of the subsections is based on the determinants of the theoretical working model of private banking consumer perception which was created in section two.



### 7.2 Relationship between customer and bank and/or relationship manager

Macdonald (1995) stated that until the 1980s financial services had a relatively static customer base. Banks focused more and more on their internal structure. The internal hierarchy increased and as a result the communication to the client got slower. Additionally, services were reduced e.g. by closing the bank on Saturday or paying for additional services. Then, new banks opened and offered better services. Banks began to increase service and customer care to keep customers. The banks began to listen and care about their customers. Financial institutions realized that customers choose their institution on the basis of personal service encounters (Macdonald, 1995). Abratt and Russell (1999) mentioned the personal relationship between client and bank. The relationship is influenced by the service quality the client receives. The “challenge of the banks is to own the relationship with the client and use this as a competitive advantage over other banks” (Abratt & Russell, 1999, p. 5). This means that private banking involves and requires developing a close relationship with clients. The heart of private banking services lies in personal relationships and professional service (Abratt & Russell, 1999). Another report strengthens even more the relationship between client and relationship manager. Relationship managers are often friends or consultants of their clients because customers do not have many people they can trust. Relationship managers consult their clients on private and business matters. Further, it is not uncommon for clients and bankers to go on vacation together. This depends on the background and culture of the clients. In Arabic regions it is necessary to become friends and then business follows. Additionally, the relationship managers have to be fully service orientated and communicative (Gratwohl, 2011). A study undertaken in Germany, Austria and Switzerland found that more than 75% of the clients have a relationship of more than 10 years with their bank in private banking (please refer to Figure 12).

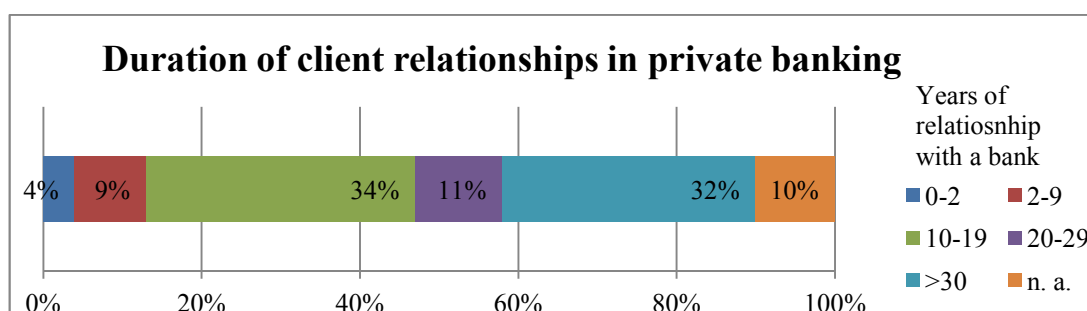


Figure 12: Duration of client relationships in private banking (Cocca, 2010)

## II. LITERATURE REVIEW

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Further, the average duration of a relationship between client and bank is 17 years (Cocca, 2010).

A study of Swiss banks' senior clients investigated that the consumers' perception on how the bank knows the client, the relationship between client and staff, and the individual support is important (Bruhn, Georgi, & Tuzovic, 2009). Moreover it was stated by Molyneux und Omarini (2005) that the relationship in retail banks might not be as important as in private banking. Private banking refers to business aimed at high-net-worth individuals, retail banking focuses on standardized products and services to a wide range of customers, where individual relationship is of less importance (Molyneux & Omarini, 2005).

The literature about consumer perception and the relationship between customer and bank in private banking is relatively scarce. Therefore, sources dealing with the topic in retail banking were considered, too, to provide additional understanding. Bick, Brown, and Abratt (2003) stated that the bank service and trust needs to be enhanced to ensure the relationship develops to a level where there is friendship and confidence between the bank and customer (Bick et al., 2003). Kailash (2011) further stated that it is necessary for banks to maintain a strong relationship with their customers and to be agile in meeting increasing and ever more demanding customer needs (Kailash, 2011). Showing an interest in the customer is the key to building a relationship between customer and bank (Roberts & Campbell, 2007). A study undertaken in Germany found that these customers deal with one bank over a long period of time and establish a personal relationship with a banker. They are not willing to move from bank to bank although they further answered that their banks should give better and cheaper service (Bátiz-Lazo, Müller, & Locke, 2008) which might be an indicator that relationship is more important than pricing and/or service quality. Implicitly, clients do not change their bank as they are not willing to give up the current relationship with their bank. This needs to be further researched by the author by undertaking empirical research at a later stage, especially as the high costs of acquisition have shifted the importance to build and maintain long-term relationships with the customers (Bick et al., 2003).

From the literature collated, it is not clear whether the relationship between client and bank or client and relationship manager is important or has a stronger influence on

consumer perception. Sources stated that the relationship in private banking between bank and client is important (Akerlund, 2005; Bhalakrishnan, n. d.) and other sources stress the importance of relationship on an individual/personal basis, between staff/relationship manager and client as important (Abratt & Russell, 1999; Bruhn et al., 2009; Gratwohl, 2011; Molyneux & Omarini, 2005). This was also the case in the retail banking literature. On the one side, Bátiz-Lazo et al. (2008) stated the importance of the relationship between a banker and client. On the other side, Roberts and Campbell (2007) mentioned the relationship between customer and bank. Therefore, it is necessary to research if the relationship between bank and client, relationship manager and client or both might have an influence on consumer perception by empirical research at a later stage. Additionally, it is necessary to explore which type of these relationships has more influence on perception. This might help banks to use the relationship to improve competitiveness against other banks and to retain clients during an acquisition process by e.g. also retaining relationship managers as they own the relation to the client (Abratt & Russell, 1999, p. 5). **“Relationship”** was emphasized and mentioned by several authors to be an important factor that influences customers (Bhalakrishnan, n. d.; Abratt & Russell, 1999; Akerlund, 2005; Bruhn et al., 2009; Gratwohl, 2011) and will be added as a determinant to the model of private banking consumer perception.

### **7.3 Courtesy and emotional values**

As mentioned earlier, Gratwohl (2011) stated that relationship managers are often friends or consultants of their clients because customers do not have many people they can trust. Further, clients and bankers go on vacation together (Gratwohl, 2011). A private banking study mentioned that sympathy is an important driver for the client relationship (Cocca, 2010). This implicates that the relationship in private banking between client and relationship manager is more than just a business relationship and that emotional values are part of this relationship, too.

As literature in private banking about service emotional values and the influence on perception is rare, studies in retail banking were included, too, to provide additional understanding. In a retail banking study undertaken by Roberts & Campbell (2007) it was found that the personal service is important for customers. The greatest effects on the assessment of the potential customer were personal touches reflected in staff attitude

## II. LITERATURE REVIEW

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and behaviour. This includes smiling, eye contact and full attention. Equal to these elements is the level of motivation of the employee doing his job. This leads to engaging customers and gives them the feeling that their transaction matters (Roberts & Campbell, 2007) and that the banks understand the customer's needs. This creates the foundation of successful long-term relationships.

The personal touch could help banks to profit and build a sustainable competitive advantage as satisfied customers will not change their bank and lead to further bank customers due to word-of-mouth marketing. Banks should not underestimate the importance of personal contacts in private banking. The behaviour, including smiling and eye contact can be interpreted as the Parasuraman et al. (1985) service determinant “**courtesy**” which they described as involvement of politeness, friendliness and respect. Further, the personal touch mentioned by Roberts and Campbell (2007) indicates the involvement of emotional values like friendliness, exclusivity and responsiveness or the degree to which the expectations are met (Recklies, 2006). Those values go behind the politeness and friendliness of staff mentioned earlier as courtesy. Therefore, “**emotional values**” have an impact on the perception and expectation of the consumer and will be added as a determinant of private banking consumer perception. In addition to that, emotional values and courtesy are part of the determinant relationship as personal touches including smiling and eye contact give customers the feeling that they are being understood and that their transaction matters which creates the foundation for long-term relationships.

### 7.4 Access and communication

Akerlund (2005) mentioned the importance of the relationship between customer and bank. Professional service is characterized by creating an intense relationship with the same service provider in frequent one-to-one meetings (Akerlund, 2005). The importance of access to banks was confirmed by Bhalakrishnan (n. d.) in a banking study undertaken in India. He discovered that access to banking staff is the most important factor of banking consumer perception (Bhalakrishnan, n. d.). Similar findings were mentioned by Abratt and Russell (1999). They mentioned that easy and convenient access to the bank was rated as important. Although regularly meeting take place between the client and the service provider Macdonald (1995) highlighted that most clients do not talk about the fact that they are unsatisfied with their banking

## II. LITERATURE REVIEW

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service (Macdonald, 1995) and that relationship managers do not ask the right questions to gather important information about banking services (Piske, 2009). This indicates a problem in terms of communication between client and relationship manager and/or client and bank which might lead to misunderstanding the customers' expectations and needs.

The mentioned frequent meetings with the client and the service provider (Akerlund, 2005) as well as easy access to the bank (Abratt & Russell, 1999) and banking staff (Akerlund, 2005) corresponds with the determinant “**access**”. This determinant was defined by Parasuraman et al. (1985, p. 47) as “ease of contact”. Additionally, as those meetings are frequent it fits to the determinant “**communication**” which was defined by Parasuraman et al. (1985, p. 47) as “keeping customers informed”. It is implicated from the literature that for the relationship, regular communication between relationship manager and consumer and/or bank and consumer is necessary. Hence, access and communication are necessary for the relationship. The influence of the determinants access and communication on private banking consumer perception will be examined by the researcher by empirical research at a later stage.

### **7.5 Responsiveness and understanding the customer**

As already mentioned, clients do not talk about the fact that they are unsatisfied with the service offered (Macdonald, 1995) and relationship managers do not ask the right questions (Piske, 2009). Hence, it is difficult for relationship managers to know clients' needs and expectations. This leads to the fact that clients perceive the banking service as not responding to their requests and to feel misunderstood. Maude (2010) mentioned that “wealth managers need to become more systematic in their client learning through regular client surveys or focus groups and by capturing client feedback from relationship managers more comprehensively” (p. 42) in order to understand the clients and their behaviour and to offer appropriate advice.

The findings above go in line with the findings in retail-banking which were included to provide additional understanding. In a research undertaken by Baumann, Burton, Elliot, and Kehr (2007) it was examined that customers who defect from their bank on a short-term are those who are dissatisfied with their bank due to poor response to their requests. Responding to the requests of clients is the determinant “**responsiveness**”

## II. LITERATURE REVIEW

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which influences perception and expectation mentioned by Parasuraman et al. (1985) as he described responsiveness as the “willingness or readiness of employees to provide service” (p. 47). Furthermore, relationship managers do not respond to the requests of their clients which indicates that they do not understand them. This equates to the determinant “understanding the customer”. The determinant “**understandng the customer**” was described by Parasuraman et al. (1985) as “learning the customer’s specific requirements” (p. 47). Both determinants, “responsiveness” as well as “understanding the customer” are important for the relationship and, hence, are sub-determinants and part of the determinant relationship.

### 7.6 Winner/killer elements

Galasso (1999) developed a system which should help to display the relationship between fulfilment of performance dimensions and client satisfaction. The performance dimensions are divided into killer and winner elements.

<b>Killer Elements</b> <ul style="list-style-type: none"> <li>- Expected by customer</li> <li>- Penalty point in case of missing performance</li> </ul>	
If expectation is not fulfilled:  <b>Customer is dissatisfied</b>	If expectation is fulfilled:  <b>Customer is not highly satisfied</b>
	In case of missing output:  <b>Customer is not highly dissatisfied</b>
	In case of output:  <b>Customer is highly satisfied</b>
<b>Winner Elements</b> <ul style="list-style-type: none"> <li>- Not basically expected by the client</li> <li>- In case of output: Bonus points from client</li> </ul>	

Figure 13: Winner and Killer Elements (Galasso, 1999)

Some dimensions are seen as a standard or a sort of basic service by the client. An over average performance in these dimensions is not required as these will not be additionally rewarded by the consumer. However, if one of these basic dimensions is

## II. LITERATURE REVIEW

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missing, it could lead to serious consequences for the bank as clients will be very annoyed. These services are called killer elements and banks should just make sure to have them (e.g. discretion, error free transactions). Winner variables are not expected by the customers and are seen as a bonus by the consumer. The achievement of winner variables could lead to a competitive advantage as these elements add value to the bank which leads to differentiation. Although it is difficult for companies to identify winner elements, private banking institutions have to identify and adopt these to their client segments (Galasso, 1999). Figure 13 displays the explained relation between killer and winner elements.

A similar approach to killer and winner elements was used by Devlin and Ennew (1997). The matrix (Table 4) shows the competitive advantages in retail banks.

	<b>Service specific</b>	<b>Organization wide</b>
<b>Core Service</b>	Service features	Service support
<b>Other Elements</b>	Price	Image and reputation

**Table 4: Classification of competitive advantage in retail banks (Devlin & Ennew; 1997)**

These authors stated that service features and support is viewed, together with quality of service delivery, as part of the core service (light grey boxes). Core services are very important and are integral elements of the service offer. The dark grey quadrants show further options available to firms to achieve competitive advantage. The low price, image and reputation can be used by banks to add value to their offerings. The boxes on the left-hand side are service specific and are associated with one particular service product. The boxes on the right-hand side are associated with the organization as a whole (Devlin & Ennew, 1997). The matrix shows that service, viewed with the quality of service delivery is defined as the core service and mandatory for retail banks. Devlin & Ennew (1997) stated further that with price and image reputation it forms the basis of creating a competitive advantage. From the literature it is not obvious whether the classification of competitive advantage of Devlin and Ennew (1997) can be used for private banking. Apart from that, “core services” mentioned by Devlin and Ennew (1997) cannot be compared to the killer elements mentioned by Galasso (1999) and

## II. LITERATURE REVIEW

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“other elements” cannot be compared to the winner elements. This can be explained by the following example: Price is defined as “other elements” by Devlin and Ennew (1997) which corresponds to a “winner element” by Galasso (1999). It was mentioned that clients perceive private banking as too expensive (Mogicato, 2008), and, hence, it is very likely that clients are price sensitive. This means that private banking clients will not accept high prices/fees which they consider too high and might change bank. Consequently, price must be defined as a killer element. The determinant price will be discussed in more detail in a following subsection.

It is necessary for private banks to identify their killer and winner elements. Especially, it is a challenge for the bank to identify the winner elements but these could lead, as mentioned, to a competitive advantage. Moreover, in case a bank is acquired by another bank it can be assumed that these elements must be kept to maintain the customer base and conserve the competitive advantage of the bank. Additionally, it must be considered that some winner elements might become killer elements after time. This might happen if today a service is seen as expected or standard by the client which was several years ago seen as a bonus or not mandatory. For example, fifteen years ago it was something special to offer internet banking in private banking and this was seen as a winner element by the clients. Today, internet is used by most people and nearly everyone uses internet banking. Although private banking clients engage in long-term investments they want to verify the portfolio performance online to keep up with the fast changing economic system. This has now become an expected service. Thus, internet banking changed from a winner to a killer element. **“Winner and killer”** elements were not mentioned by Parasuraman et al. (1985) as a determinant. These Elements have an impact on the perception of private banking consumers and will be added to the model of private banking consumer perception. During the empirical stage of this thesis it will be explored which determinants are killer elements and which determinants are winner elements in private banking and grouped accordingly in the model of private banking consumer perception.

### 7.7 Security

It was stated that security and discretion in private banking is becoming very important. A lot of clients perceive private banking as secure because this service offers them the possibility to achieve geographical investment diversification. This might indicate that



security has an impact on private banking consumer perception. Clients range from political exponent persons to rich heritages and successful business managers or family companies (Gratwohl, 2011). For the clientele it is important to be treated discretely so that as little information as possible goes public (e.g. that they are a client of a specific bank). “**Security**” was mentioned as a determinant by Parasuraman et al. (1985) and they said it involves financial security and confidentiality. How security will be influenced by an acquisition will be explored by empirical research at a later stage.

### **7.8 Competence and reliability**

It was stated by Bick et al., (2003) that clients rated problem-free, convenient and efficient banking as the most important value (Bick et al., 2003). Banks need to ensure, especially during the credit crisis, to continually review their strategies, business models and route to markets to ensure that they are responding to customer expectations (Kailash, 2011). The efficient and problem free banking could be interpreted as the determinant of Parasuraman et al. (1985) “**competence**” which was defined as “possession of the required skills and knowledge to perform the service” (p. 47). Further, “**reliability**” was described by Parasuraman et al. (1985) as that “the firm performs the service right the first time” (p. 47) which could be interpreted as efficient and error-free banking (Bick et al., 2003). As these determinants are gathered from retail banking studies it must be researched by empirical research at a later stage if reliability and competence will influence private banking consumer perception as well.

7.9 Price

		Customer satisfaction	
		Low	High
Service quality	Low	Expected outcome	Service fits the customer's restricted budget or fits the customer's preferences
	High	Service too expensive for the customer or does not fit the customer's preferences	Expected outcome

Table 5: Relationship between service quality and customer satisfaction (Putz, 2002)

Price has an important impact on both determining customer expectation and on perception. Therefore, the price must be chosen with a view to emitting the right quality signals especially as most of the clients valued the service in private banking as too expensive (Mogicato, 2008). The overall price awareness was related to both higher expectations and higher perceptions of quality received (Putz, 2002).

Table 5 shows the relation between service quality and customer satisfaction as to aspects of price/costs. A client is dissatisfied with the received service quality if the costs will be too expensive or does not fit with the client's preferences (Galasso, 1999; Putz, 2002). Banks should find a method offering a service that fits to the customer's restricted budget or to the clients' preferences. This will allow financial services to influence the expectations of the customers as well as their perceptions. Further, the relation between customer quality perceptions and price shows that the quality perceptions in private banking must be different from the perceptions in retail-banking: Private banks have higher fees (price) than retail banks. This is due to the facts that private banks offer frequent meetings (Akerlund, 2005), individually tailored services and products to individual requirements (Molyneux & Omarini, 2005) and, according to this, private banking is more sophisticated. Hence, customers have higher expectations from private banking because of higher prices/fees. A determinant **"price"** was not mentioned by Parasuraman et al. (1985) model but influences the expectation and

perception of the client. Expectations of the private banking service are influenced by the price of the service. The higher the price, the higher are the expectations of the clients in terms of service quality. As consumer expectations influence their perception pricing influences perception via expectations. Whether pricing has a direct influence on perception will be validated by further research at a later stage.

### **7.10 Credibility (including trust, image, reputation and branding)**

Some studies dealt with the customers' perception on the image and reputation of the bank. It was elicited in one study that clients' evaluation criteria, to start a relationship with a bank, included among other things the bank's service reputation (Abratt & Russell, 1999). Molyneux and Omarini (2005) stated that "the image of the bank, as far as trust is concerned, is represented through the esteem and the familiarity that the customer might summarize by saying: 'I can trust my bank'" (p. 17). It was found that trust is created by customer satisfaction (Molyneux & Omarini, 2005). Cohen et al. (2006) stated that service must be delivered better than the expectations of the consumers in order to enhance satisfaction and maintain a positive image.

Molyneux and Omarini (2005) mentioned the resources where customer trust comes from. Variables like image, client loyalty and relation created by the bank. Every bank has its own variables which are called "trust resources" which cannot be copied. These variables are created by the bank over time, are intangible and the nature of these variables represent a competitive advantage for the bank. Furthermore, trust was described as the middle link which foresees customer satisfaction in terms of what a company offers and looks back on customer loyalty (please refer to Figure 14). Figure 14 shows that customer satisfaction engenders trust which then leads to enhanced loyalty and the perpetuation of the buying process. Customer satisfaction and trust are internal features which are not directly visible to the bank. By undertaking studies to identify trust embedded in customer satisfaction assessments of clients the banks can make the variables visible (Molyneux & Omarini, 2005).

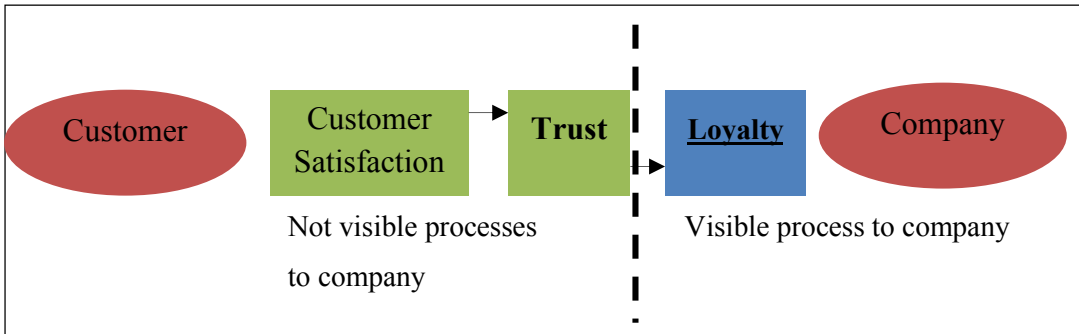


Figure 14: The chain of trust (Molyneux & Omarini; 2005)

Another study in private banking stated that trust and friendship determine the strength and continuation of the relationship between the bank employee and the customer. Trust and friendship need a long time to develop (Abratt & Russell, 1999) and trust is the key factor to success (Gratwohl, 2011). Further Fraering and Minor (2005) mentioned that the most crucial element of social capital in the financial services industry is trust, and its close association with the assurance dimension of service quality.

The acquisition of a bank by another company might have an impact on the image and reputation of the bank as e.g. the brand name might change or the reputation might suffer or benefit from an acquisition. How the image changes during an acquisition cannot be said and was not stated by any author. Parasuraman et al. (1985) did mention image, reputation and trust as the service quality perception determinant “**credibility**”. How image and credibility will be influenced by an acquisition will be examined by empirical research at a later stage.

### 7.11 Word of mouth

Studies undertaken in the private banking sector stated that word-of-mouth (WOM) communication is very important in the private banking segment (Abratt & Russell, 1999; Putz, 2002). The service sectors rely more on word of mouth promotion than on other media and the chances of receiving word of mouth promotion in private banking can be maximized by providing excellent service and knowing their clients well (Abratt & Russell, 1999). An internal study undertaken by Weil (2002) about client acquisition processes in private banking confirmed the statements of Abratt and Russel (1999). Weil (2002) gathered data about clients of the UBS and how these joined the UBS. He claimed that most of the clients (37%) stated that they received a recommendation from an existing client (please refer to the pie-chart, Figure 15).

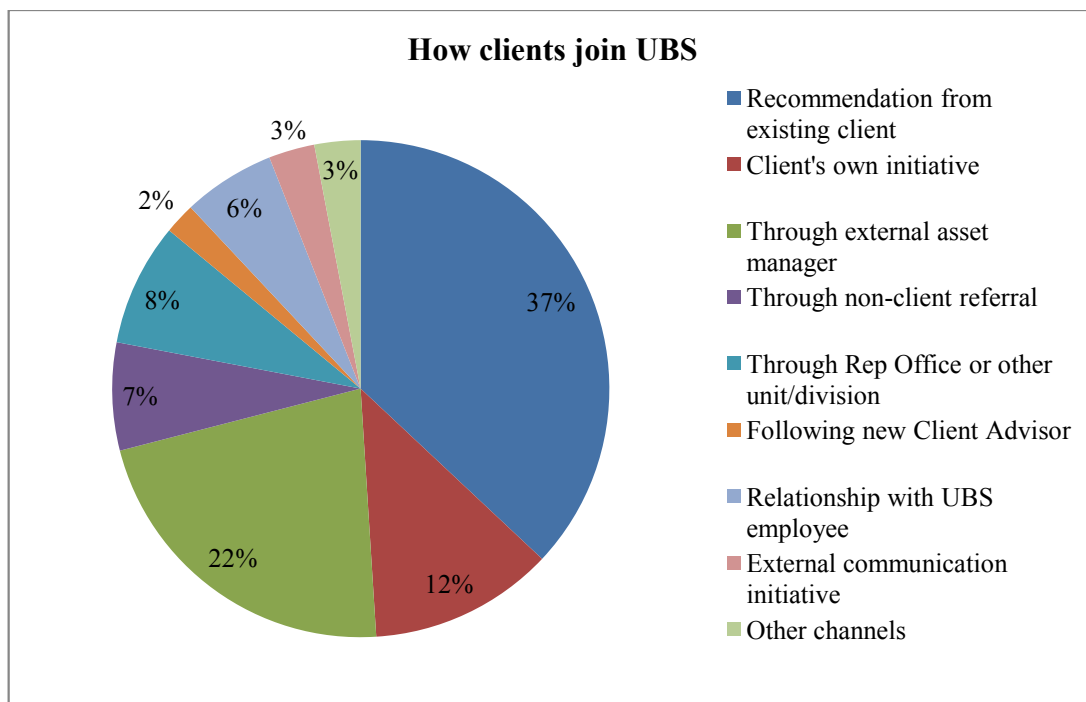


Figure 15: How clients join the UBS (Weil, 2002)

Due to the fact that only a small amount of information on word of mouth and its influence on private banking consumer perception is available, retail banking materials were included. A research paper of the retail banking sector confirmed the importance of word of mouth and experience of others (word of mouth (WOM) and referrals). Many consumers stated the influence of general WOM and referrals from colleagues and friends on their perception as higher than in relation to financial services marketing communications and brand-building campaigns (O'Loughlin & Szmigin, 2005).

The literature above confirmed that the attributes **word of mouth** and **past experience** of clients have an impact on the expectations of the customer as stated by Parasuraman et al. (1985). If WOM has an influence on the collected private banking consumer perception determinants can be assumed and will be validated by empirical research at a later stage.

### 7.12 Segmentation of the customer base

Molyneux and Omarini (2005) stated that the issue of client segmentation is the most important issue for customer retention and acquisition and it was identified as an important topic. To be able to segment the client base more effectively and to maximize value from every customer the focus lies on understanding relationships. Most common

## II. LITERATURE REVIEW

is the segmentation of clients into their level of wealth that is measured by the asset under management (AUM) by the bank as shown in Figure 16.

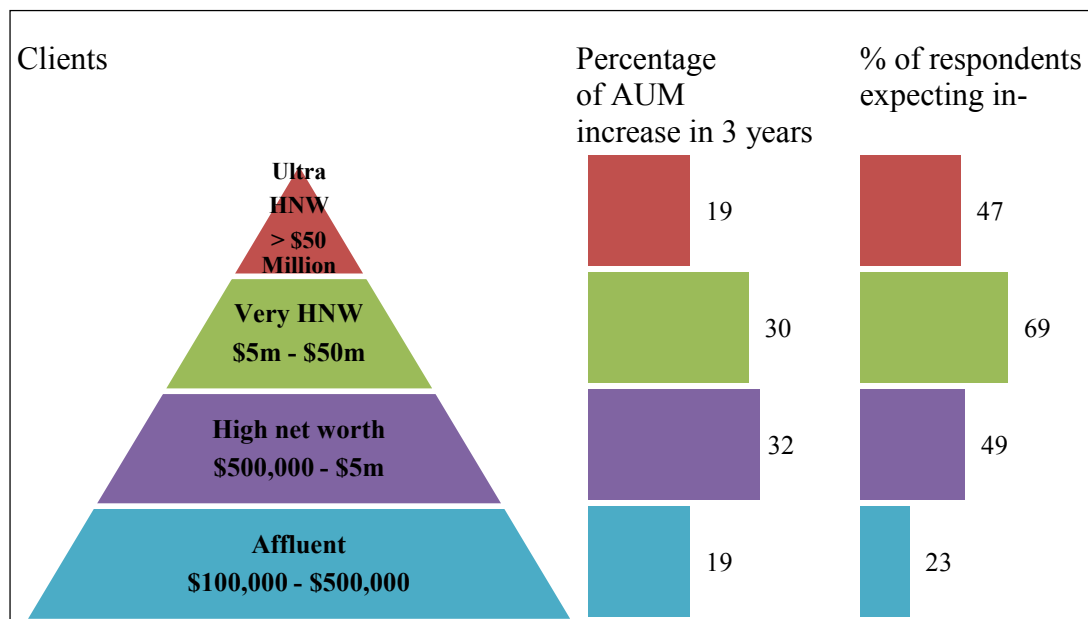


Figure 16: Wealth Management Pyramid (Pricewaterhousecoopers, 2005)

The segmentation of wealth is not an adequate method to address the issue of individual needs. Clients with a similar wealth level might have different needs and the level of wealth should only be used as an initial indication for access to private banking services (Maude, 2010).

Another possibility is to segment clients in wealth management into a multidimensional range of factors (demographic, geographic, income) (Maude, 2010), but these factors are often inadequate for customers' requirements and, thus, customized segmentation for clients is being developed by most of the banks (Molyneux & Omarini, 2005). Molyneux and Omarini (2005) suggested that the criteria of segmentation should be based on a combination of factors; source of wealth, needs and sophistication, inherent advantages of lifestyle services, price sensitivity and customer value. Maude (2010) claimed that there is no right method to segment the private banking market and, compared to other financial services (e.g. corporate banking) banks have to invest into this process. The investment of this process might be very important as the factors mentioned by Maude (2010) and Molyneux and Omarini (2005) change. E.g. if a client marries it will change the importance of the lifestyle factor and/or the factor price sensitivity due to different financial planning. Hence, it might be more important for banks to regularly re-examine the characteristics of their clients than to discover the right factors. In addition to the segmentation approaches mentioned above, there are

## II. LITERATURE REVIEW

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psychographic characteristics to be taken into account. The term “old money” is used to describe e.g. families who have been wealthy for several generations. The term “New money” is used for people who gained wealth within his or her generation. The old money segment tends to be more conservative and focus on the conservation of value. New money segments prefer aggressive portfolios to increase wealth (Grote, 2003). Private Banks could adapt to these values and training might be required to increase the relationship managers understanding of the importance of these values. Adapting to these values has an impact on the corporate culture. Nevertheless, Grote (2003) mentioned that these generalizations in terms of old and new money must be used with care because sometimes they are reversed.

Retail studies have been included to provide additional understanding. The following figure shows Callewaert and Verweire (2010) actions to restore customer trust rate by the importance to the retail banking customer.

## II. LITERATURE REVIEW

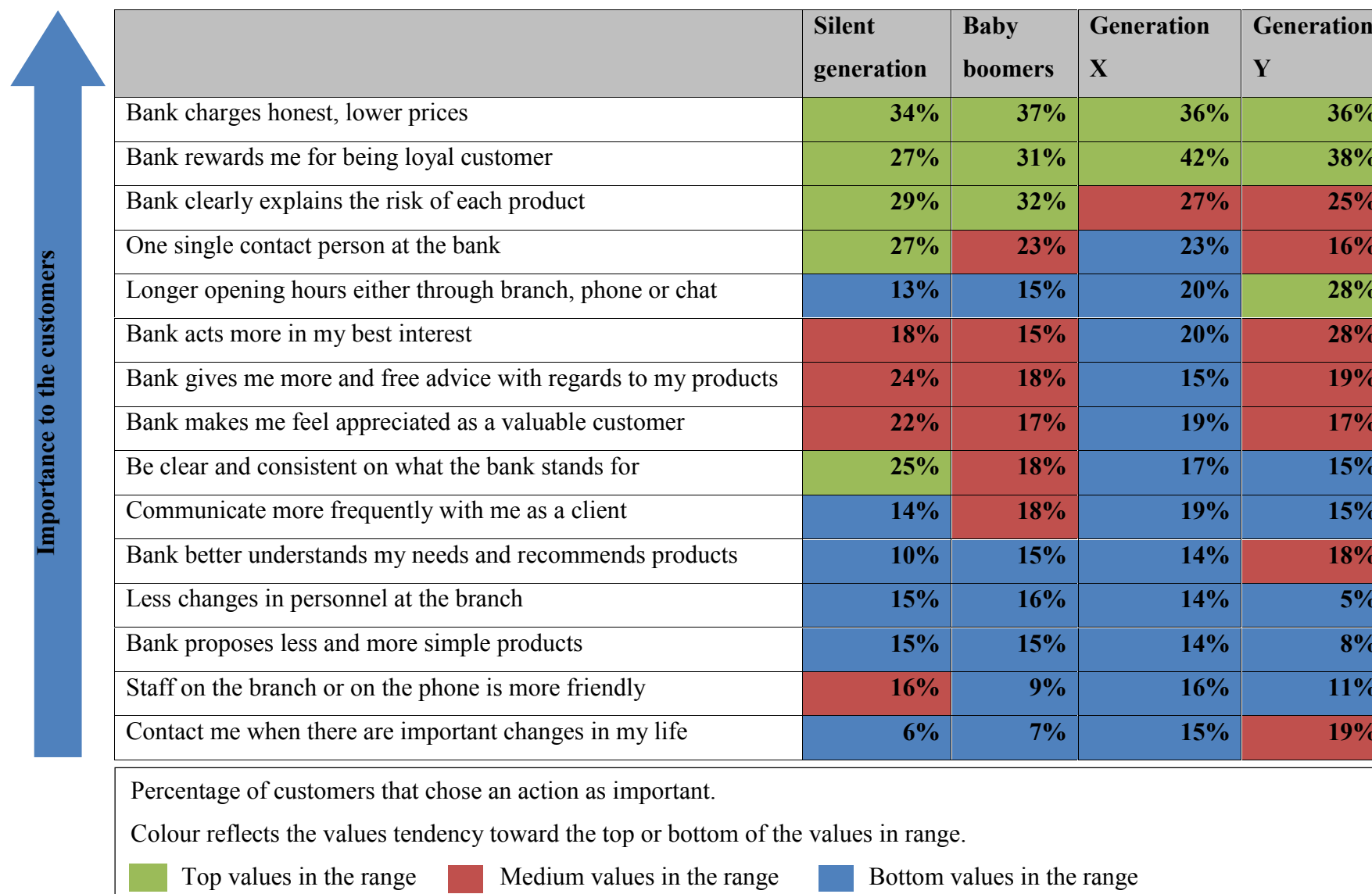


Figure 17: Actions to restore customer trust rated by importance of the customer (Callewaert & Verweire, 2010)



## II. LITERATURE REVIEW

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The results have been divided by the age of the customers:

- Silent Generation (age 65-75)
- Baby-boomers (age 45-64)
- Generation X (age 32-44)
- Generation Y (age 15-31)

From this analysis it is visible that the importance of specific actions differs between generations. This is stated by the following example: “Be clear and consistent on what the bank stands for” is placed by its importance on position five by the silent generation (25%). The Generation Y ranked this action as 9<sup>th</sup> important with 15%. This indicates that different actions must be undertaken by the bank to retain clients depending on the age/generation of the customer. This indicates that in retail banking demographic values should be considered to segment clients.

Actually, it seems that none of the current segmentation techniques is appropriate to segment private banking clients which indicates the need for further research. Furthermore, it should be taken into account that it might be very difficult or even impossible to segment the customer base in private banking as it is an individual service. This means that every customer has its own individual needs. These needs are all different. It is important for banks to invest into the process of private banking market segmentation techniques. As the segmentation method is used to segment clients with similar needs, the “**needs**” will be considered by the model of private banking consumer perception.

### **7.13 Customer satisfaction and service quality**

The consumer’s comparison of expectations prior to purchase with performance perception after a purchase results in a degree of customer satisfaction which is a mental state. This mental state is a cognitive judgement which can either result in low level of satisfaction, where expectation exceeds performance perceptions or in high level of satisfaction, where performance perception exceeds expectations (Bhalakrishnan, n. d.). Also Cohen et al. (2006) stated that delivering superior service is not enough. The delivered services must be better than consumers’ expectations (Cohen et al., 2006). This is in contrast to the general consumer perception definition mentioned during the

## II. LITERATURE REVIEW

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narrative review as it was stated that satisfaction is achieved by meeting or exceeding expectations (Hoffman & Bateson, 2010).

The private banking customers are an exclusive group of HNWI which buy a professional service from their bank or financial institution (Galasso, 1999). Service quality was identified as a major requirement by the customers (Galasso, 1999; Mogenicato, 2008). As the banking market becomes more and more competitive, service quality is a critical measure of organizational performance and continues to compel the attention of banking institutions and remains at the forefront of services marketing literature and practice (Lassar, Manolis, & Winsor, 2000a).

The statements from private banking studies go in line with studies made in retail banking studies. Retail banking studies were included to provide additional understanding. It was mentioned that banks offer the same or similar products around the world and service quality is necessary to differentiate them in the market place to create a competitive advantage (Devlin & Ennew, 1997; Hossain & Shirley, 2009). According to that, banking service quality is the only area where long-term differentiation can be achieved. New products can be easily copied, but the improvement procedure of service quality is more difficult for other companies to track and to copy (Lleshanaku, n. d.). This was also confirmed in a study undertaken by O'Loughlin and Szmigin (2005) who stated that consumers perceive added value through people-based "process" factors like service quality. Additionally, it was mentioned in this study that service quality is essential to the relationship with the client. Bexley, Hewer, and Sparks (2005) confirmed the statement of O'Loughlin and Szmigin (2005) by finding out that service quality was the single most important driver for the customer in selecting a bank.

Several studies found gaps between expected and received service (Bick et al., 2003; Bhalakrishnan, n. d.; Callewaert & Verweire, 2010; Mogenicato, 2008) and it was identified to be an important topic by those studies which will be discussed further in the following subsection.

## II. LITERATURE REVIEW

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### *Gaps between expectation and received level of satisfaction*

A study undertaken by Bhalakrishnan (n. d.) explored that the expected level of satisfaction of customers from Indian banks (IB) is significantly higher than the derived level of satisfaction.

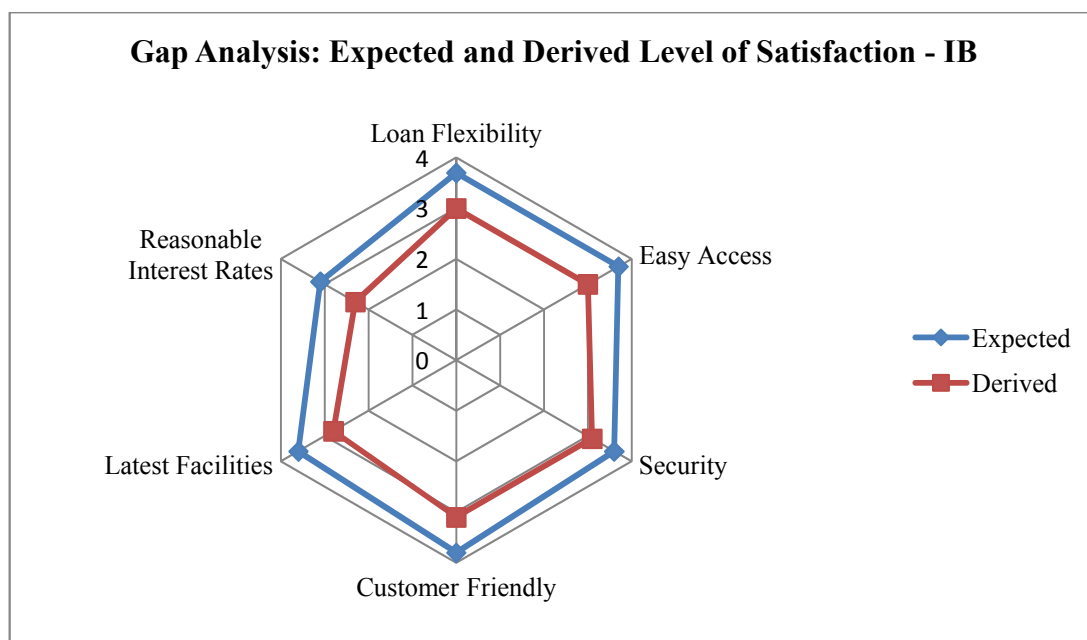


Figure 18: Gap Analysis: Expected and derived level of Satisfaction (Bhalakrishnan, n. d.)

Figure 18 shows the difference between expected level and the derived level of satisfaction (Bhalakrishnan, n. d.). From this figure it is obvious, that none of the services derived by banks cover the expectations of customers. Hence, customers are not satisfied with the service received.

Bhalakrishnan (n. d.) created a questionnaire based on the following objectives

- To evaluate the different factors considered by the investors while making investments
- To study the performance and service provided by private and public sector banks
- To analyse the service facility used by the customers
- To ascertain suggestions by the investors for further improvements

## II. LITERATURE REVIEW

He analysed the questionnaire by using gap analysis and gained the factors displayed in Figure 18. In his study it is neither mentioned what is included in the factors (e.g. what is meant by or included in the factor security) nor how the grouping of these factors was undertaken. Therefore, it is difficult to judge the significance of these factors and what these factors confirm in detail. However, in addition to the gaps between consumer expectations and perceptions revealed by Bhalakrishnan (n. d.), a Swiss private banking study undertaken by Mogenicato (2008) discovered gaps between consumer expectations and perceptions, too. The study explored how clients are not satisfied with the service received although banking managers think that clients are satisfied with the service offered.

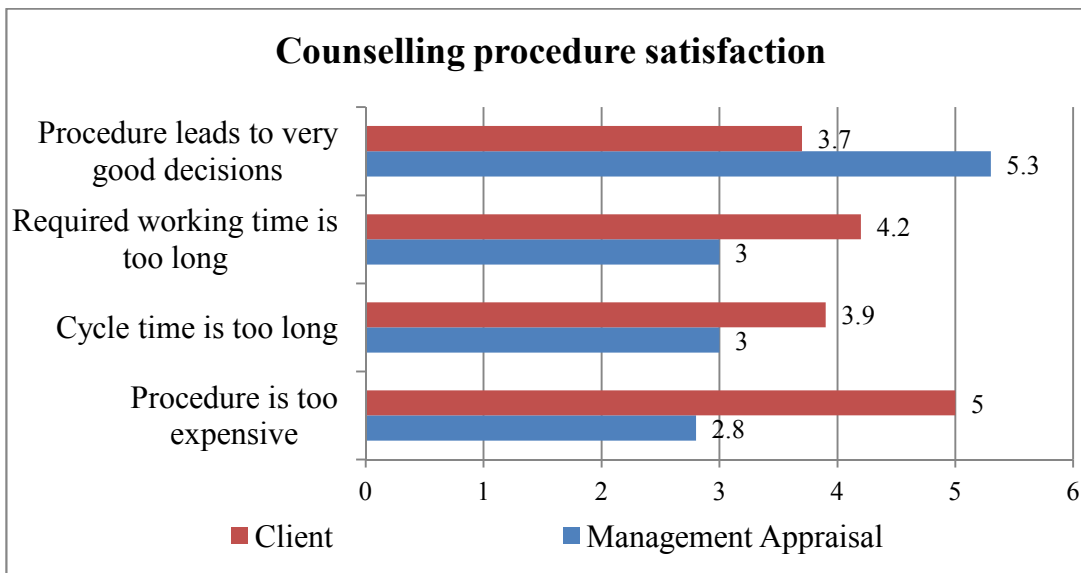


Figure 19: Counselling procedure satisfaction (Mogenicato, 2008)

Figure 19 displays the different level of satisfaction of the clients and the client satisfaction level estimated by the banking managers (a higher score means a higher level of satisfaction). Furthermore, it was explored that large banks use standardised counselling procedures whereas small private banks use a non-standardised counselling procedure but it could not be explored which procedure leads to more satisfaction by the client (Mogenicato, 2008).

### *Gaps between expectation and received level of service quality*

Similar findings were made in retail banking in terms of service quality by Bick et al. (2003) as their research investigated that none of the banks covered the service quality

## II. LITERATURE REVIEW

to the level of the customers' expectations (Bick et al., 2003). These findings were similar to a Belgium retail banking research paper. This paper declared that the focus on increasing customer satisfaction and to close the gap between real and expected service, banks will, in return, enhance the customer experience. This will help the bank to build customer loyalty and trust (Callewaert & Verweire, 2010). In this retail banking study a gap between the service customers' expectation and the actual service experienced was discovered, too. The gaps of a study undertaken in the Belgium retail-banking sector are displayed in the figure below.

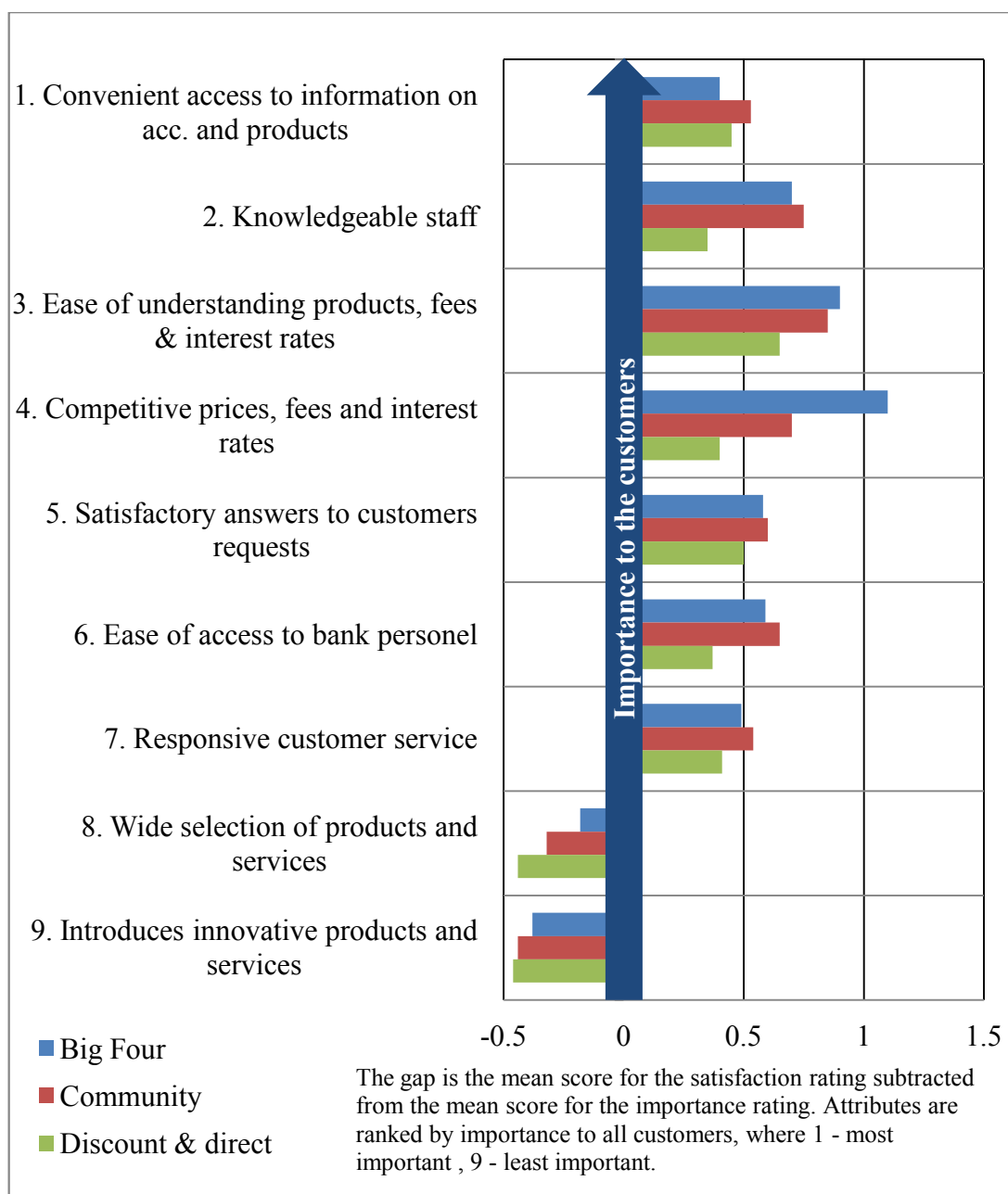


Figure 20: Service gap in Belgium retail banks (Callewaert & Verweire, 2010)

## II. LITERATURE REVIEW

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Legend explanation of Figure 20:

- Big Four banks: the four major retail banks in the Belgian market
- Community banks: banks focusing on a specific customer segment or group
- Direct and Discount banks: banks that offer financial services through direct channels mainly; and banks that focuses on price (e.g. interest rate)

A positive mean score of an attribute means that customers rate the service as very important but are not satisfied with the service received. (Callewaert & Verweire, 2010).

As already mentioned during the discussion of the determinant relationship, the communication between client and financial service provider contains problems. Most clients do not talk about the fact that they are unsatisfied with their banking service (Macdonald, 1995) and that relationship managers do not ask the right questions to gather important information about banking services (Piske, 2009). Further, most Swiss banks do not collect data about customer satisfaction as they are afraid customers could develop overly high expectations (Mogicato, 2008). These communication problems lead to the assumption that most banks do not know their clients service quality expectations. This explains the gaps between service quality expectations and perceptions as discovered in the earlier part of this subsection. Asking the right questions are vital in order to gather information about the clients' service expectations otherwise it might be difficult or even impossible for banks to cover these expectations and to monitor and improve service quality. All in all, the words of Lassar et al. (2000b, p. 196) bring the matters to a head: "Further research exploring the relationship between service quality and customer satisfaction is clearly necessary and appropriate" but to discover this relationship is not part of the present research as the present research focus is on consumer perception and not to discover the gaps between service quality expectation and perception in private banking particular.

Further, "**expectation**" will be added to the model of private banking consumer perception. As stated, the consumer's comparison of expectations prior to purchase with performance perception after a purchase results in a degree of customer satisfaction. This mental state is a cognitive judgement which can either result in low level of

satisfaction, where expectation exceeds performance perceptions or in high level of satisfaction, where performance perception exceeds expectations (Bhalakrishnan, n. d.).

**7.14 Internal training of staff**

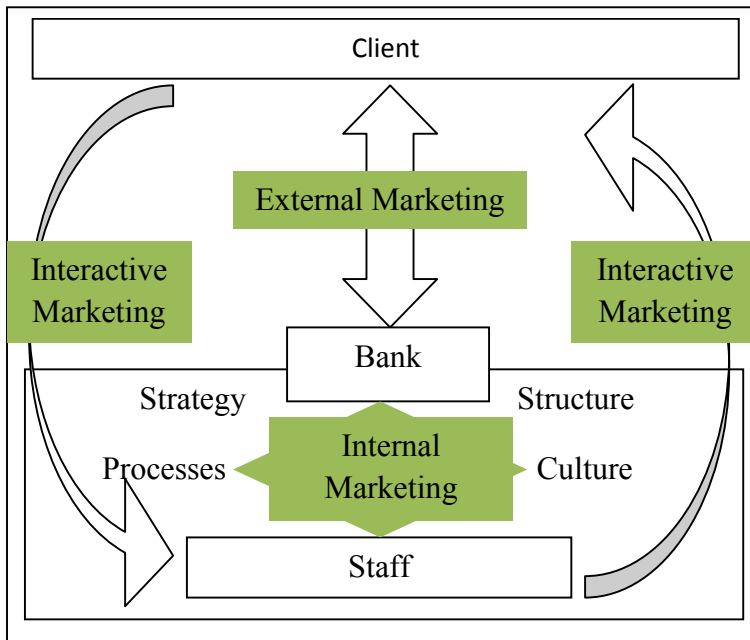


Figure 21: Internal und interactive marketing (Galasso, 1999)

The training of staff was identified as an important topic in the studies of Putz (2002) and Galasso (1999). The individuality, advisory quality and competence are one of the most important factors in private banking and, hence, the role of the client advisor is a key element (Putz, 2002). Putz (2002) distinguished

between three types of private banking advisors: a generalist, an internal broker or a mixed type. The generalist is the most qualified but also most cost intensive in terms of training and education. In Europe, 43% of the private banks use this type of private banking advisor. The internal broker concentrates only on the needs and requirements of the clients. Specialists in the back office support the client advisor (internal broker) in the advisory process. During the advisory process the internal broker gathers information about the clients' preferences in terms of risk, products, investment period etc. Afterwards, the internal broker uses the information to develop asset allocation possibilities for the client in cooperation with the back office. Then, the advisor presents those asset allocation suggestions to his client. Galasso (1999), in a study about private banking retention marketing, used the traditional marketing mix and extended it with the elements of internal and interactive marketing. Interactive marketing is the relation between customer and private banking advisor. Internal marketing is necessary for the staff of the bank and focuses on training, inspiration and motivation in terms of customer orientated behaviour. Internal marketing is used to create structure, processes and culture inside the company and to align these elements to the corporate strategy. Figure 21 displays these relations. Every company must undertake internal marketing to create

## II. LITERATURE REVIEW

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a corporate strategy, culture, structure and processes inside the organization. Also Weil (2002) stated that training of staff is very important as it is necessary to ensure the company has the right culture in place. How private banking employees behave and react in-front of a client especially during an acquisition depends on the values, beliefs, behaviour and taken-for-granted assumptions of the group and forms the organisational culture. Furthermore, internal marketing and training can be used to modify and adapt the values, beliefs, behaviour and taken-for-granted assumptions of the group. The training could help private banking staff to react and behave correctly in front of a client, especially during an acquisition. This training of staff also influences the perception of the consumers. The consumer perception is influenced by the context in which it is seen or heard. The bank employees are involved in the process of an acquisition and have an influence on the perceptions of the private banking consumers as they form the context with their values, beliefs, behaviours and taken-for-granted assumption. Summarized, internal training influences the organizational culture which in turn influences the context and, finally, the perception of the consumer. Thus, the qualification of the relationship manager is very important and needs to be established and improved by training courses and educational events to ensure the right culture is in place.

To provide additional understanding, retail banking studies have been included, too. In a retail banking study it was examined, that experience with frontline bank employees showed that especially the older ones carry the habits of the past. Many are bureaucratic and arrogant in their dealings with customers. To avoid this behaviour and to improve interaction with customers' interpersonal skills training in their overall training programs must be included (Lleshanaku, n. d.). It can be assumed from the literature above that it was allowed or accepted in the past, to deal arrogantly with customers. Today, market and competition is increasing due to on-going globalization and a wrong behaviour could lead to client movements to competitors. To avoid this, it is necessary to train staff, especially the older ones, to ensure right behaviour in-front of clients and that the right culture is in place.

Internal marketing is important for the organizational culture, strategy, structure and processes. During an acquisition process banks need to be able to undertake their marketing (internal and external) to keep the right culture in place and to present the



bank to the outside (clients). Organizational development, is a general concept which consists of factors that influence and modify organizational culture, such as internal training, will be added to the model of private banking consumer perception due to its perceived importance.

### **7.15 Customer retention**

Many studies in private banking stated that it is far more expensive to acquire new customers than to retain existing ones through relationship marketing (Fraering & Minor, 2005; Lassar et al., 2000b; Ziekursch, 2010) which indicates the importance of this topic. The authors stated that the costs to hunt for new customers are about ten times (Fraering & Minor, 2005) more expensive than to retain them. Although client retention is much cheaper, a survey undertaken by Crosby, et al. (2009) on private banking in Europe revealed that 55% of wealth managers have no client retention process (Crosby, et al., 2009). Further, another study undertaken by Cohen et al. (2006) stated that small banks have higher retention rates but no reason could be found. By further investigation the authors discovered that the most important construct (by mean score) was customer satisfaction, followed by corporate image and switching barriers (Cohen et al., 2006). It might be that small banks could better satisfy consumer needs than large banks as the key success factor for customer retention is customer satisfaction. It is very important to keep the current customers and companies should have a retention process in place. As previously mentioned, the costs of retaining clients are much cheaper than acquiring new ones. Therefore, the retention process reduces costs and increases the profitability of the bank. Furthermore, retention processes are even more important in terms of whether a bank gets acquired by another company. During this acquisition process, banks have to be very careful about the satisfaction of their clients and to retain them if necessary.

#### *Loyalty*

A possibility to retain customers is to increase loyalty. The private banking study of Lassar et al. (2000a) stated that “customer loyalty is an effective defence against competitive challenges” (p. 196) as loyal clients might not be willing to change to another bank. Customer satisfaction forms the cornerstone for customer loyalty (Lassar et al., 2000a). This means how customers feel about a product or service and whether perceptions are covered by their expectations.

## II. LITERATURE REVIEW

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Another important discovery of client loyalty in private banking was undertaken by Ziekursch (2010). Although about 20% of the clients are satisfied with their bank they are not loyal to their bank. Hence, he reasoned that client satisfaction is not enough to create client loyalty. Therefore, he stated that client satisfaction, which is driven by the product or service quality, can only create a functional loyalty. In addition to client satisfaction banks must consider relationship quality as a second category to create client loyalty. The relationship quality is driven by interaction and communication between client and bank. If both of these categories are used, an emotional loyalty will be established which is much more difficult to establish but is much stronger than normal loyalty. Both mentioned categories, client satisfaction and relationship quality, can be influenced by the bank (Ziekursch, 2010): Client satisfaction can be achieved by fulfilling customers' expectations. This means, in the first step, the bank needs to understand customer expectations. In the next step, products and services need to be adopted to fulfil client needs. Relationship quality can be improved by using internal marketing to train bank employees and influence their behaviours and values which also includes the way and frequency of communication to clients. The change of behaviour and values of bank employees in turn has an influence on the organizational culture, too.

Another method of gaining client loyalty in private banking was mentioned by Putz. Putz (2002) used the six principles from Reichheld (2001) to achieve a high level of client loyalty. The relationship strategy should be based on the following six principles:

- *Preach what you practice*: It is not enough to have values. These values must be used and lived in front of clients, suppliers and staff.
- *Play to win-win*: Both, client and customer should benefit from each other.
- *Be picky*: Demonstrate to staff and client that it is a privilege to participate at a picky enterprise.
- *Keep it simple*: Use easy policies and rules to simplify the decision making process.
- *Reward the right results*: The best business deals should be a privilege for the most loyal clients.
- *Listen hard, talk straight*: Every criticism from a client should be taken seriously. Criticism should be used for improvements.

## II. LITERATURE REVIEW

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It was discovered during the discussion of the determinant relationship that in private banking often a friendship exists between relationship manager and client. Furthermore, private banking relationship managers consult their clients in private and business purposes. This confirms the principle “preach what you practice” as some relationship managers take this friendship seriously and try to assist their clients wherever possible. But it is unclear how the training of the relationship manager can be done so he is able to establish a friendship with every client. In addition to that, it is questionable if every relationship manager is able to establish a friendship with his clients as there is an emotional involvement in this type of relationship.

“Play to win-win” is important for private banks and their relationship to the clients. Currently, it cannot be said whether the relationship between relationship manager and client or the relationship between bank and client is more important. Nevertheless, banks should take care of their relationship managers by offering special benefits for their employees for offering good service quality. This would result in higher motivation of the relationship manager which, in turn, results in a better service for the client. Furthermore, it was explored in section 7.11, during the discussion of word-of-mouth, that banks should deliver excellent service to gain word-of-mouth marketing. Hence, offering excellent service due to the high motivation of the relationship manager would weaken the competitors as customers might join the bank due to word-of-mouth marketing.

In private banking long-term relationship was researched as an important factor as the acquisition of clients is much more expensive than the retention of existing ones. The principle “be picky” can be seen as an important value for long-term relationships. If clients continuously have the feeling that they benefit from a long-term relationship in private banking, e.g. by gaining better fees or special products as a bonus for their loyalty it is much more unlikely that they will not change the service provider. In addition to that, private banks have a steady income due to their loyal customer base.

“Keep it simple” is an important principle especially for private banks. As mentioned in section 2.4 it is necessary that bank managers continuously verify their strategies and business models which include portfolio preferences and asset allocations as well.

## II. LITERATURE REVIEW

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Banks need to be able to react fast to market changes to reduce loss and gain higher profits of their clients' assets. With small policies this can be achieved easier, as flexibility can be kept.

“Reward the right results” could be achieved by offering loyal clients better prices than to new clients. As revealed during the discussion of the determinant “price” in section 0 most clients perceive the private banking service as too expensive. Hence, offering loyal clients a better price or lower fees might result in higher satisfaction and, thus, increase the loyalty.

To achieve the principle “listen hard, talk straight” might be difficult when considering the discussion about the determinant “communication” mentioned in subsection 7.4. It is important for banks to gather information about client expectations and perception to achieve customer satisfaction but as investigated the communication between client and bank and/or relationship manager is difficult as clients do not state if they are unsatisfied with the service perceived and relationship managers do not state the right questions. According to that, banks do not get the criticism from their clients and cannot improve their service. Hence, internal training is required to train the banking staff so they are able to state accurate questions and it is necessary to find possibilities that tempt clients to mention if they are not satisfied with the service perceived. How the training can be done and how clients can be tempted to state if they are dissatisfied cannot be said and further investigation is needed in this area.

The mentioned six points from Reichheld (2001) are part of organizational culture. A company can adapt and implement these values, beliefs and behaviours into their organization by using internal marketing and training (Galasso, 1999). It is used to create structure, processes and culture inside the company and to align these elements to the corporate strategy. These variables will then become taken-for-grantedness assumptions by the staff and be part of the organizational culture. In turn, the organizational culture with its values, beliefs, behaviours and taken-for-grantedness assumptions influences and forms the context of the consumer private banking perception process. The banking staff, especially the relationship managers, have to use interactive marketing and to transmit those values to the clients. This refers to the factor “people” of the marketing mix mentioned in section 2.6. Furthermore, it is necessary for

every bank to define the contents of the principles mentioned by Reichheld (2001). The principles need to be re-examined regularly as the market and client perception changes.

There are several customer retention methods but which is the better one could not be said by the information delivered by the literature. Additionally, how customer can be retained during an acquisition process is not mentioned by any author. The risk that customers drift to competitors during an acquisition process is relatively high as the bank might internally (structure, culture, strategy and processes) and externally (image, branding) change. How to retain customers during an acquisition process is therefore very important. Hence, “**client retention process**” will be added to the model of private banking consumer perception and is very important, especially if a client is dissatisfied.

### **7.16 Acquisition**

In the last decade many traditional private banks, which specialized in private banking, were bought by big banks (e.g. Deutsche Bank bought the private bank Oppenheim). Most of these banks restructured the private banks to increase efficiency and make these units more profitable. These changes might have an impact on the company in terms of service delivery and quality, price, processes and staff. In a survey about the change of client quality perception due to a merger in retail banking it was found that nearly half of the overall customer who stated that they think the service will remain. Additionally, the study detected that there are major differences on the perceptions of service depending on the demographic variables (gender, ethnicity and education) (Urban & Pratt, 2000). These variables were already discussed in chapter 7.12 in terms of the customer segmentation possibilities.

No literature was discovered which dealt with the change of private-banking customer perception due to acquisition which indicates the need for further research. Acquisition might have an impact on the changes in private banking consumer perceptions: the banks image or reputation (defined as determinant credibility) might change (e. g. depending on the reason for the acquisition) which has an impact on external marketing tools. Additionally, the acquisition might involve changes in company structure, culture, strategy and process which have an effect on internal marketing. Staff need to be trained to understand and use new methods to deal with and work with clients. The culture must be developed and adapted based on the perceptions of the consumers. Furthermore, it is

## II. LITERATURE REVIEW

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important for banks to have a retention process to reduce customer turnover. One possibility to retain customers is to focus on customer loyalty, which was mentioned in the last subsection, as loyalty can be used to avoid that customers drift to competitors. Hence, the present research will examine the impact of acquisition on private banking consumer perception through empirical research at a later stage.

### **7.17 Applying the determinants of perceived service quality model to private banking consumer perceptions**

The model of perceived service quality is only limited useable/transferable to the private banking consumer perceptions. The reviewed literature as well as the model mentioned that word of mouth, personal needs and past experience have an influence on the expectation.

Additionally, the other determinants of perceived service quality

- access (section 7.4),
- communication (section 7.4),
- courtesy (section 7.3),
- competence (section 7.8),
- credibility (section 7.10)
- reliability (section 7.8),
- responsiveness (section 7.5),
- security (section 7.7), and
- understanding the customer (section 7.5)

can also be used as determinants for private banking consumer perceptions. However, the model did neither consider

- emotional values (section 7.3) nor
- price (section 0) nor
- relationship (section 7.2) nor
- winner/killer elements (section 7.6).

All of the five determinants were mentioned in the literature as attributes which influence perception and expectation. Therefore, these attributes must be added to the current determinants. As the literature of private banking consumer perception is relatively rare, it can be assumed that further private banking consumer determinants

## II. LITERATURE REVIEW

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exist and need to be discovered and validated by empirical research. Due to this, the researcher constructed the following research question (RQ1):

**What are the determinants of private banking consumer perception?**

Further, no literature was discovered that defined the term private banking consumer perception. Therefore, the researcher created the following research question (RQ2):

**What is the definition of private banking consumer perception?**

As mentioned, acquisition was not mentioned as a determinant, too. Consequently, the following research question (RQ3) was constructed:

**Does the acquisition of a private banking service provider influence the private banking consumer perception?**

### **8. Initial conceptualization of a model of private banking consumer perception**

The conceptualization below portrays the determinants which have an impact on the expectation and perception of the private banking consumers (please refer also to the theoretical working model of private banking consumer perception on page 30 to compare). As stated, access, communication, courtesy, emotional values, responsiveness, understanding the customer are parts of the relationship. Hence, they are called sub-determinants as they are part of a determinant and are displayed indented to relationship. To be able to create a proper relationship it is required that the sub-determinants of relationship are at least perceived as fulfilled by the consumer.

Importantly, the acquisition might have an influence on the perception of the consumers due to aspects like image, branding, reputation (defined as determinant credibility) and pricing etc., too. This initial conceptualization will be validated by empirical research at a later stage.

Segmentation, training (which is part of organizational development) and customer retention are consequences of consumer perception. Organizational development could also be seen as an antecedent factor as staff experience the new culture during an acquisition and come to realize how this changes their culture. Also staff learn from the retention process outcome (customer leaves or stays with the bank) and adapt accordingly. These outcomes go beyond the scope of the present study and are suggested for future research.

As implied by the literature review, the customer related aspects, like the determinants, expectations and perception process are displayed in green colour. Company related aspects are coloured in orange.



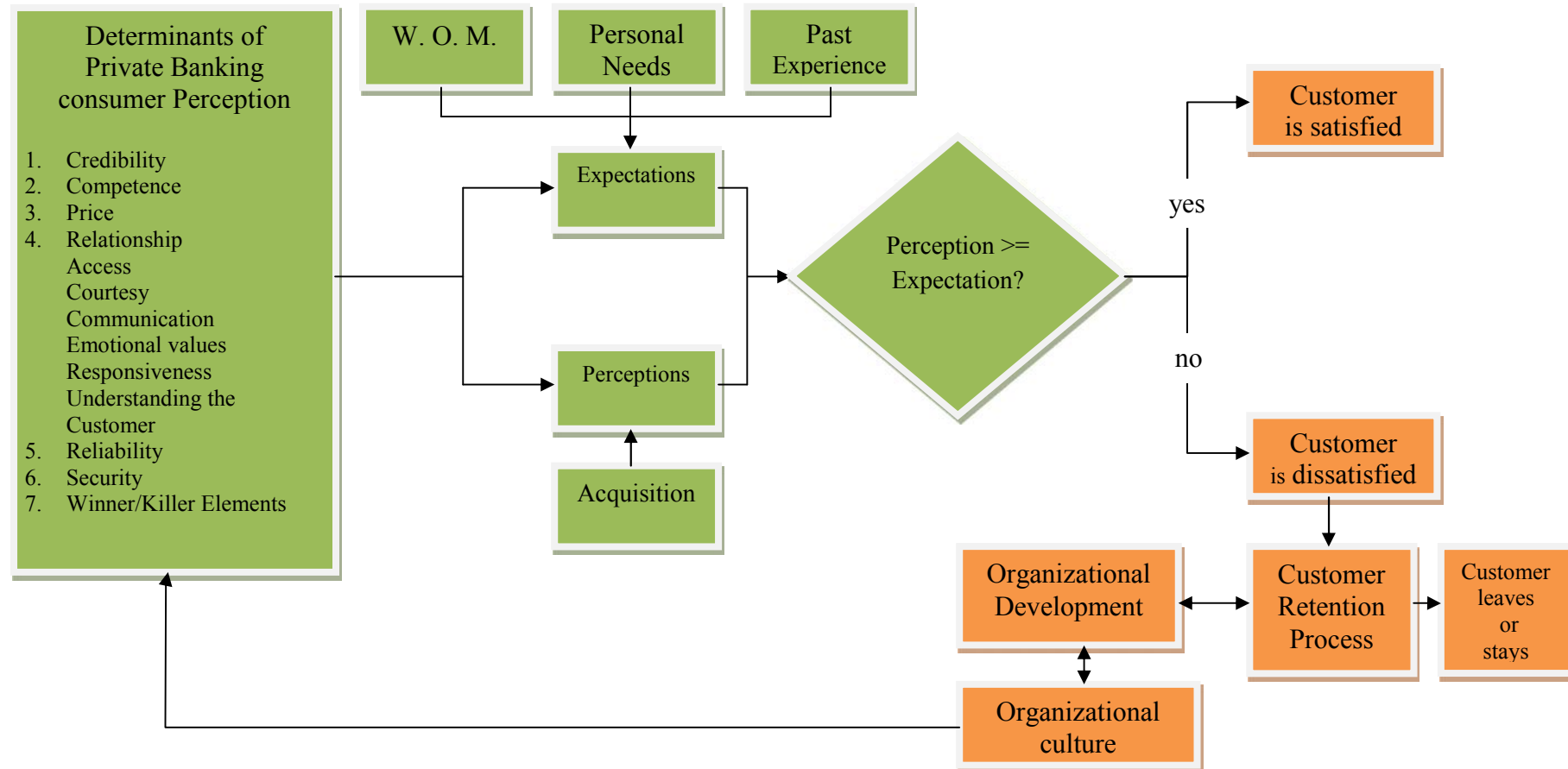


Figure 22: Initial conceptual model of private banking consumer perception

### **9. Limitations**

The present systematic literature review does not focus on one country or area in particular. The empirical research must be undertaken which focuses on one country or area. An international comparison of service perception found that quality and perception is non-equivalent across cultures, which limits its usage across borders. Hence, primary research will be undertaken by considering the German speaking area, consisting of Germany, Luxembourg and Switzerland. Therefore measurement scales cannot be created in one country and then transferred for use in another country (Ueltschy, Laroche, Eggert, & Bindl, 2006). Further, it is questionable as to how far the achieved results can be generalized for the banking sector. Perceptions of bank consumers differ in retail banking, private banking or in wealth management.

### **10. Chapter Conclusion**

Only limited literature sources focused on the private banking consumer perception. In particular the work of Galasso (1999) provided very detailed information especially about service perceptions, pricing and training and recruitment of staff of the Swiss market. In some areas like customer retention and market segmentation in private banking, disagreements in methods and statements were explored which should be further analysed and researched.

No literature was found which explained or dealt with the factors of private banking consumer perceptions or even defined the term private banking consumer perception. This is very surprising as a lot of literature confirmed the importance of long-term relationships in banking (Bruhn et al., 2009; Batiz-Lazo et al. 2008; Roberts & Campbell, 2007), especially in private banking (Abratt & Russell, 1999; Akerlund, 2005), which require taking customer perceptions into account to be successful and sustainable. Therefore, the determinants of private banking consumer perception which were gathered by the literature review will be validated by empirical research.

Furthermore, none of the studies dealt with the changes of private-banking client perceptions due to an acquisition. Only one study was found which dealt with the changes of consumer perceptions but in retail banking and due to a merger. In this area further research is required and mandatory because more and more banks - especially private banks - have been acquired by large banks. The acquisition itself has an influence on the perception of the service offered by the bank. How far the acquisition changes the aspects in banking like image, branding, reputation (included in the determinant credibility) and pricing etc. and how far these changes influences the consumer perception must be discovered by further research.

**III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY**

#### **1. Introduction**

The previous chapter was the first research stage which consisted of a systematic review of quantitative and qualitative literature on private banking consumer perceptions. The author used the search terms

“Private banking” OR Bank\* AND consumer OR customer OR client AND perception\*

As well as

“Wealth management” AND consumer OR customer OR client AND perception\*

in English and German. The asterisk was used to include also words like banking, banks or perception as well as perceptions. For the review different search strategies were used to search for and locate different relevant reports and literature. The search was undertaken in online libraries/databases and internet search engines. Furthermore, specific bank magazine and newspapers were used. All research was done by “automated” research via online search engines or databases. In addition to the automated research, references of research texts have been collected and analysed (snowballing) and used to find often cited resources which could be important for the present research paper. Furthermore, specialists in the (private) banking and marketing sector were asked for advice for additional important literature.

The review discovered gaps in existing papers and literature, and the present research process will fill these holes with further research. The outcomes of the literature review and the details of these gaps and the therewith associated research aims and objectives will be explained in the following sections. In addition to that, the philosophical standpoint used as well as the reflection of the own standpoint will be explained. The appropriateness of research methods and methodology to gather primary data is described. Ethical considerations as well as reliability and validity concerning the present dissertation are explained. Lastly, a summary of the systematic approach is given.

#### **1.1 Research design**

By research design it is meant the science and art of planning procedures for conducting studies so as to gain valid findings (Vogt, 1993). The research design consists of a detailed plan used to guide the researcher through the research process to stay focused on the research objectives. The picture below displays the research design of the present thesis (steps are displayed in blue and chapters are displayed in red boxes). To construct a research design it is necessary to determine the research topic and the research paradigm (Collis & Hussey, 2003) as well as the methods used to gather primary data which is done in the following sections.

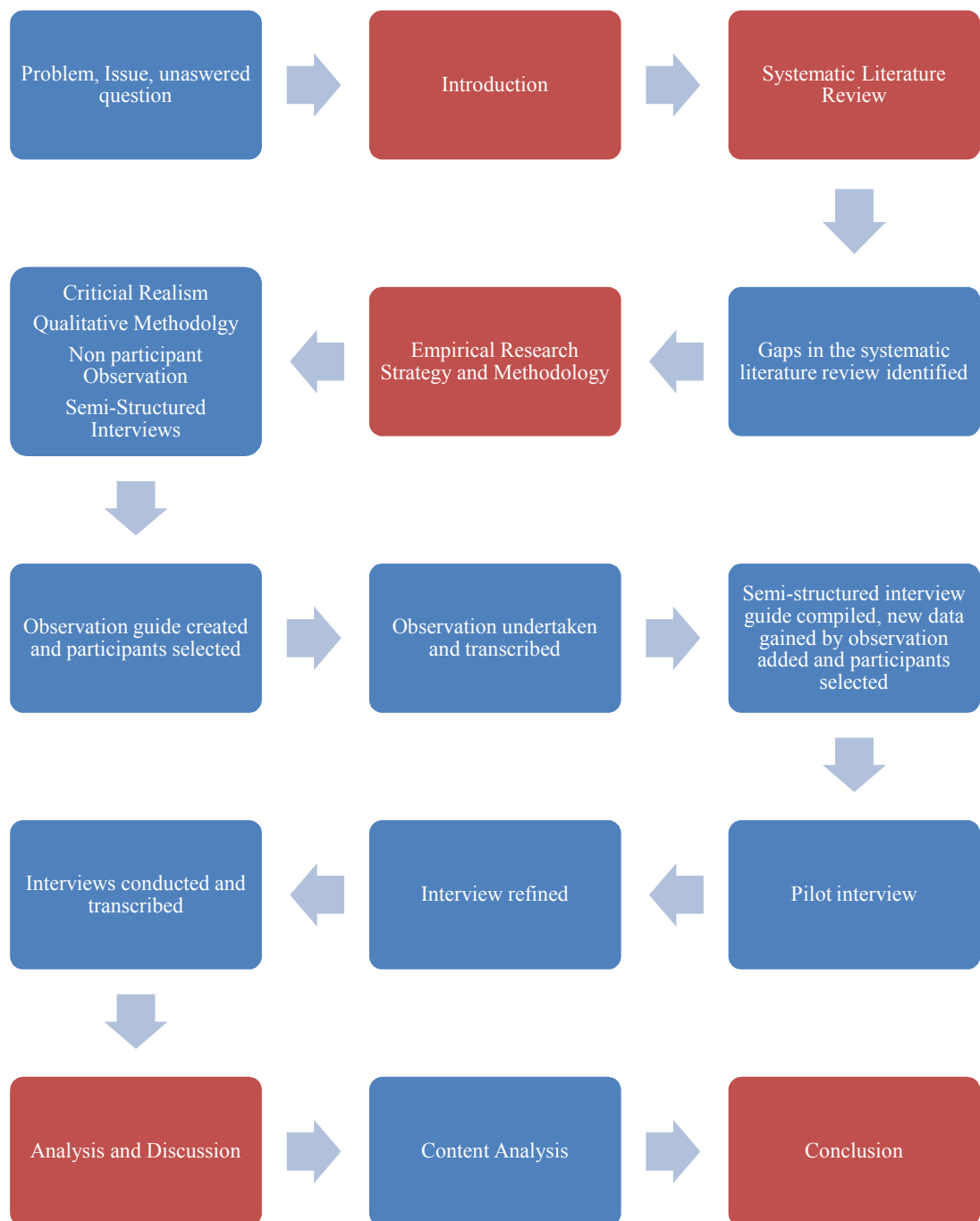


Figure 23: Research design (own creation)

## 2. Aims and Objectives

### 2.1 Aims

To increase private banking clients' satisfaction, it is necessary to understand the clients' private banking consumer perceptions and to stay focused on them. Fully understanding consumer perception would lead to a competitive advantage in terms of private-banking. A company experiences a competitive advantage when its action creates economic value, and only a few competing firms are able to do the same action (Barney, 2002).

Although the owner of the bank during an acquisition process changes and, due to this, a new company structure is going to be implemented, the bank continuously has to concentrate on the consumers and their perceptions. During a merger or acquisition process it is even more important for a bank to understand the clients' perceptions. Some clients might not like the changes due to the acquisition or the fact that their bank has been acquired by another bank. The acquisition of new clients is very difficult, time and cost intensive (Carter T. , 2003). Many studies in private banking stated that it is far more expensive to acquire new customers than to retain existing ones through relationship marketing (Bick et al., 2003; Fraering & Minor, 2005; Lassar et al., 2000b; Ziekursch, 2010). The costs of hunting for new customers are five (Bick et al., 2003) to ten times (Fraering & Minor, 2005) more expensive than those associated with retaining them. Thus, it is important for banks to understand how an acquisition changes the perception of the existing private banking clients so banks are able to take the necessary actions to retain them.

The outcomes of the present research are the basis for private banking providers to develop and create efficient internal (e.g. training of staff) and external (e.g. promotion) marketing methods and, hence, to keep the right culture in place and to present the bank to the outside (clients). Internal marketing is important for the organizational culture, strategy, structure and processes. During an acquisition process banks need to be able to undertake their marketing (internal and external) to keep the right culture in place and to present the bank to the outside (clients).



All in all, the aims of the present study are to understand private banking consumer perceptions and discover the influence of acquisition on these perceptions to avoid loss of clients and increase the competitiveness of private banking service providers.

#### **2.2 Objectives**

At the beginning of the systematic literature review, it was mentioned that there is no literature available which defines private banking consumer perceptions. Nevertheless, the author was able to collect determinants of consumer perceptions which might be used to define private banking consumer perception. The present research will analyse and discover the determinants by empirical research (RO1) and create “a definition of private banking consumer perception” (RO2).

A further important research objective is the question how does acquisition influences or changes private banking consumer perception (RO3). In detail, acquisition might change aspects like image, branding, and pricing. The influences of acquisition will be analysed by empirical research.

Additionally, the literature review did not find a model that shows the interaction between determinants that influence private banking consumer perception. From the literature, the author gathered data about private banking perceptions, aligned these determinants to a model of consumer perception, and created a new conceptualized model of private banking consumer perception. The researcher will validate this model by empirical research (RO4).

Summarized, the dissertation will work on the following research objectives (RO):

RO1: Gather and validate determinants of private banking consumer perception by empirical research

RO2: Defining the term private banking consumer perception

RO3: To examine to what extent, if any, acquisition influences private banking consumer perception

RO4: The creation and validation of a model of private banking consumer perception by empirical research which incorporates the acquisition

#### **2.3 Contribution to knowledge and practice**

As stated, the author will create and validate a model of private banking consumer perception which considers the influence of an acquisition. This model is an important contribution to theory. The model is an important contribution to knowledge as no research is evident that focuses on private banking consumer perception or, analyses the impact of an acquisition on private banking consumer perception. It helps private banking service providers to develop and create efficient internal (e.g. training of staff) and external (e.g. promotion) marketing methods. Internal marketing is important for organizational culture, strategy, structure and process. During an acquisition process banks need to be able to undertake their marketing (internal and external) to keep an appropriate culture in place to present the bank to the clients.

In addition, the present topic is an important contribution to knowledge as no research is evident that focuses on private banking consumer perception and/or analyses the impact of an acquisition on private banking consumer perception.

**2.4 Summary**

The following table is a summary and overview of the interrelation between the aims, research questions and research objectives.

<b>Aims (A)</b>	<b>Research questions (RQ)</b>	<b>Research objectives (RO)</b>
(A1) Understand private banking consumer perception	(RQ1) What are the determinants of private banking consumer perception?	(RO1) Gather and validate determinants of private banking consumer perception by empirical research
	(RQ2) What is the definition of private banking consumer perception?	(RO2) Defining the term private banking consumer perception
(A2) Discover the influence of acquisition on private banking consumer perception to avoid loss of clients and increase the competitiveness of private banking service providers	(RQ3) Does the acquisition of a private banking service provider influence the private banking consumer perception?	(RO3) To examine, to what extent, if any, acquisition influences private banking consumer perception
		(RO4) The creation and validation of a model of private banking consumer perception by empirical research which incorporates the acquisition

**Table 6: Interrelation between aims, research questions and research objectives**

#### **3. Philosophical perspective**

In the following section the philosophical standpoints for action research, case study, qualitative and quantitative methods are explained. Qualitative and quantitative are two research paradigms (Collis & Hussey, 2003; Johnson & Christensen, 2010). Kuhn (1962) described paradigms as “universally recognised scientific achievements that for a time provide model problems and solutions to a community of practitioners” (p. viii). It is important to understand and recognise the paradigm used as it will determine the entire course of the present research project. The research paradigm has important implications for the choice of methodology and, therefore, on the methods used for data collection (Collis & Hussey, 2003).

#### **3.1 Qualitative theory**

Qualitative data deals with qualities, non-numerical characteristics (Collis & Hussey, 2003) and this type of data is said to be subjective (Gliner & Morgan, 2000). The data is rich as it captures the richness of detail and nuance of the phenomena being studied (Collis & Hussey, 2003) and originates or uses small samples (Varkevisser, Pathmanathan, & Brownlee, 2003). Qualitative research uses an inductive view of the relationship between theory and research. This means, theory derives from the research data. Furthermore, in qualitative research the epistemological position is described as interpretivist. This means that the focus is on understanding of the social world through an examination of the interpretation of the world by its participants. In terms of ontology qualitative research is described as constructionism. This means that the social properties are outcomes of the interactions between individuals and separate from those involved in the construction (Bryman & Bell, 2007). In qualitative research the main methods used are participant and non-participant observations (Carter & Cathryn, 1997), qualitative interviewing, focus groups, language-based approaches to the collection of qualitative data and the collection and qualitative analysis of texts and documents (Bryman & Bell, 2007). The questionnaires can be open-ended, close-ended or both (Schmidt & Brown, 2011).

#### **3.2 Quantitative theory**

Quantitative data requires numeric values which indicate the quantity (Anderson, Sweeney, & Williams, 2008) and it is said that this type of data is objective (Collis & Hussey, 2003). Opie and Sikes (2004) stated that there are four types of quantitative

data each consisting of their own characteristics. *Nominal* type of data puts data into categories. *Ordinal* data indicates that the order of numbers is meaningful but without arithmetical significance. *Interval* and *ratio* data types are considered together. These types of data are numbers which consist of regular intervals between them (Opie & Sikes, 2004). Important is the validity in quantitative research. Validity deals with the issue if an indicator or a set of indicators is really measuring what it should measure. There are several ways of establishing validity like face validity, concurrent validity, construct validity (Bryman & Bell, 2007). To discuss all of them would go beyond the purpose of the present research paper. Further, quantitative research starts with theory which means that it is a deductive approach. This means, a hypothesis is deduced from an existing theory and this hypothesis is tested by quantitative methods. Quantitative methods include structured interview, self-administered questionnaires and structured observation (Bryman & Bell, 2007).

#### **3.3 Action research**

Lewin (1946) was the first person who coined the term action research (AR) and created a series of reoccurring cycles involving the steps *planning*, *action* and *review* (McMurray, 2004) which are carried out by individuals to improve their own practice (Frost, 2002) or improve dealings with others in social situations (McNiff, 2000).

Popper (2002) believes that knowledge of all types' grows through this process of having problems, assuming solutions to those problems and refuting those assumptions based on the emergence of new problems. By using this technique, a researcher could achieve a goal by constructing a social experiment (Dick, 2002; Greenwood & Levin, 1998). The procedure is open with on-going dialogue and freezing is not permanent (Speziale, Streubert, & Carpenter, 2010) and implies continuous cooperation between researchers and practitioners. Decision making is mutual and is carried out in an open manner (Burns D. , 2007). Further, the investigator becomes a part of the field study (Bryman & Bell, 2007). Professional and local knowledge, process skills, and democratic values are the basis for co-created knowledge and social change (Greenwood & Levin, 1998). AR can involve the collection of qualitative and quantitative data (Bryman & Bell, 2007). The purpose of the methodology is to gain a better understanding of the working world and to contribute to public knowledge through publication of that understanding. Additionally, action research helps members

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

of social organizations to take action that changes their lives (McMurray, 2004) and to develop instruments for selection, intervention and training (Burns D. , 2007).

There are different models which visualize action research process. Probably the simplest action research cycle model was developed by Dick (2002) (please refer to Figure 24). In his cycle, *action* leads to *critical reflection* and to further *action*.

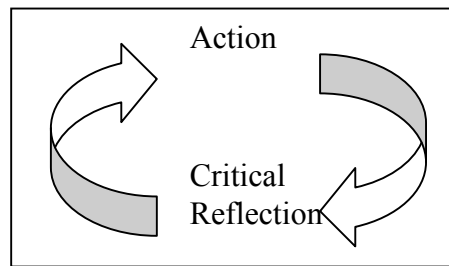


Figure 24: Simple Action Research Spiral based on Dick (2002)

During the reflection step the researcher has to think about what has worked? What did not work? What have we learnt from this experience and what might we do differently next time? After reflection follows action step which consists of understanding the achieved, the conclusions drawn and, new plans which have to be tested in action (Dick, 2002).

There are many further action research models (e.g. from Susman and Evered (1978), Stringer (1996), Greenwood and Levin (1998)), and discussing all of them in detail goes beyond the scope of the present research paper. However, Burns (2007) stated that most of the models are rooted in the sequence *plan, act, observe* and *reflect* derived from the “Kolb cycle” (Kolb, 1984). These sequences are displayed in Figure 25. Burns (2007) further described the steps as follows:

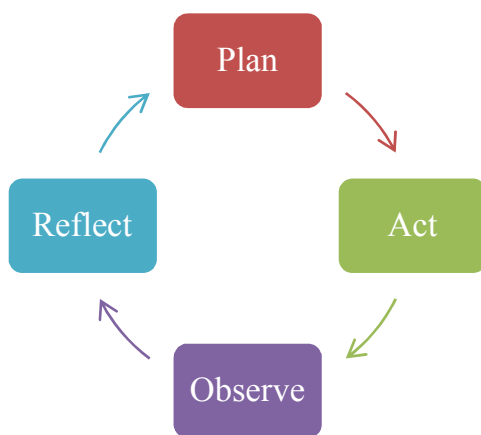


Figure 25: Action Research Cycle by (Burns, 2007)

*Planning* is a process of thinking and developing the intention to act. *Acting* is intervening in complex social processes. *Observing* is to find out what happened as a result of our actions. *Reflect* means cognitive, sensual and emotional sense making (Burns, 2007). This means, reflection is a cogeneration process through which researchers collaborate to research, understand and resolve problems of mutual interest (Greenwood & Levin, 1998).

In addition to the models mentioned, there are different types of action research which have different characteristics (e.g. Co-Operative Inquiry (Reason & Bradbury, 2001) or Appreciative Inquiry (Cooperider & Srivastva, 1987)) but discussing all methods of action research in detail goes beyond the scope of the present thesis.

#### 3.4 Case Study

A case study is an extensive examination of a single instance of a phenomenon of interest (Collis & Hussey, 2003). It is “an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used” (Yin, 1984; p. 23). The case study focuses on understanding the dynamic present within a single setting (Creswell, 1994; Eisenhardt, 1989). It allows the simultaneous investigation of parts of a phenomenon and its fit within wider contexts (Madureira, 2010). This research method provides a vehicle in which several methods can be combined (Creswell, 1994) and by doing so it avoids over-reliance on a single approach. Further, Bryman and Bell (2007) stated that the researcher is usually concerned with elucidating the unique features of the case. By using a qualitative research strategy, a case study tends to take an inductive approach to the relationship between theory and research. But a case study is not necessarily an inductive approach as it can be associated with theory testing and theory generation. Inductive describes a research approach which is used to create broad theories and generalizations from specific observations, moving from specific to general. Figure 26 displays the steps involved in an inductive research approach (Burney, 2008).

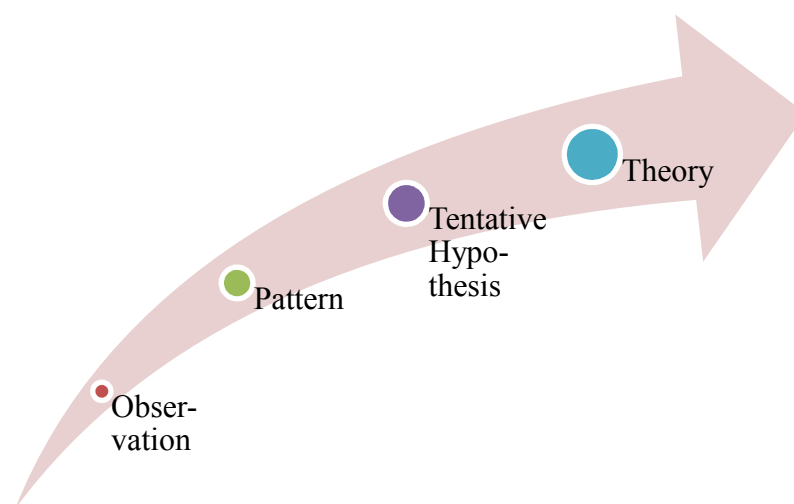


Figure 26: Inductive research approach steps based on Burney (2008)

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

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The figure shows, how the researcher begins with specific observations and measures to detect patterns and regularities. Then, tentative hypotheses are formulated that are explored and, finally, end up developing some general conclusions or theories (Trochim, 2006). Hence, with an inductive stance, theory is the outcome of research and this strategy is typically associated with a qualitative research approach (Bryman & Bell, 2007). It is not possible to identify typical cases that can be used to represent a certain class of objects, thus a case study is not a sample of one. However there is a degree of theoretical generalizability on the basis of a single case. By using different cases and comparing and contrasting the findings from each of the cases, the researcher can consider what is unique and what is common in the cases (Bryman & Bell, 2007). Different types of case studies exist (e.g. critical case (Yin, 2003), revelatory case (Yin, 1984) or typical case (Bryman & Bell, 2007)) but to mention them all in detail would go beyond the scope of the present thesis.



#### **4. Reflection of the standpoint**

In the following chapter the researcher's philosophical standpoint, critical realism, will be explained and described. In addition to that, the role of researcher and the skills required to undertake the research are mentioned and reflections of the researcher's own standpoint are made.

##### **4.1 Critical realism**

The manifesto of critical realism is to recognize the reality of the natural order, events and discourses of the social world (Bryman & Bell, 2007). This philosophical approach basically consists of two steps to experience the world: first, the thing itself and the sensations it conveys. Second, a mental process which starts after sensation meets our senses. Unlike critical realism (CR), direct realism consists only of the first step, and the world is seen as relatively unchanging. Whereas the critical realists' believe that the social world is constantly changing (Saunders, Lewis, & Thornhill, 2009). The world of the social is composed of agents that are repeatedly constructing and de-constructing their world and their acts within the world. The social world does not function in the same way as the natural order. Therefore the social world cannot be studied with the same methods for analysis, building theoretical explanations and predicting events in the world of natural objects. Measurements must be re-thought for application in the social world (Schostak, 2002).

##### *Ontology*

Ontology refers to the theory of being but not to being itself. To have an ontology is to have a theory of what exists (Fleetwood & Ackroyd, 2004). Critical realists' theory states that the theory of knowledge is different from the theory of being. The world of the critical realist is perceived as consisting of three domains: the real, the actual and the empirical (Danermark, Ekström, Jakobsen, & Karlsson, 2002). Critical realists seek to understand the "real" structures of society and the world and acknowledge that models of those structures reflect only partial experience of them (Forsyth, 2003). The real domain is invisible and consists of underlying mechanisms that create observable events. In the present research, it is assumed that the underlying mechanisms that take place in the real world create consumer perception. Produced events take place in the actual domain and the empirical domain consists of what is experienced. The distinction

between these domains is important as it is the foundation of the assumption that reality exists independently of our awareness (Neergaard & Ulhøi, 2007).

#### *Epistemology*

Epistemology is the theory of knowledge (Wikgren, 2005). Critical realism assumes a scientific approach to the development of knowledge. This underpins the collection and understanding of collected data. Researchers understand what is going on in the social world if we understand the social structures have given rise to the phenomena that we are trying to understand (Saunders et al., 2009). Critical realism brings social structures, like private banking consumer perception, to the surface. The researcher will try to understand the perception of the consumer, the determinants as well as further influences.

#### **4.2 Role of research**

A critical realist uses the approach that the social world is reproduced and then transformed into daily life (Bashkar, 1989). Objects have an existence independent from the human mind (Saunders et al., 2009). Phenomena are produced by mechanisms that are real but not directly accessible to observation and only visible through their effects (Bryman & Bell, 2007). There are “unobservable events which cause the observable ones; as such, the social world can be understood only if people understand the structures that generate such unobservable events’ (Bhaskar, 2012). Critical realists experience sensations, which are the images of the real world, and not the things directly. Only the sensations are visible which represent the reality. Critical realists believe in the notion of material entities that are real if they have an effect on behaviour (Bryman & Bell, 2007). In addition to the set of empirical domains of observable events there is a real domain in which generative mechanisms capable of producing patterns of events reside (Tsang & Kwan, 1999). The study aims to identify the mechanisms that reproduce the social world.

#### **4.3 Skills**

Critical realists construct theory about mechanisms and uncover their effects. These mechanisms are real but not directly accessible and produce social phenomena (Bryman & Bell, 2007). Critical realists are able to get beneath the surface, to understand and explain why things are as they are and to construct hypotheses about structures and mechanisms that shape observable events (Bhaskar, 2012; Mingers, 2004). By undertaking a systematic literature review, determinants of banking consumer perception were identified. The impact of determinants of consumer perception has been investigated. Reality is accepted, recognizing the inherent meaningfulness of social interactions (Mingers, 2004). The researcher aims to understand the perception of private banking consumer and their determinants. In addition, the acquisition of private banking services might have an impact on the private banking consumer perceptions, which has been studied. An inductive research approach is aimed to construct theories. Often, the outcomes of a theory building process leads to models (Hevner & Chatterjee, 2010). This strategy was adopted here allowing the researcher to create a model of private banking consumer perception, which incorporates the influence of an acquisition.

#### **4.4 Reflect**

Fleetwood (2005), cited by Bryman and Bell (2007) said that critical realism offers a more abundant alternative to postmodernism for management studies as it overcomes the lack of clarity of postmodernism. This lack of clarity in postmodernism comes from the exaggeration of language in determining reality. Critical realists say that an entity can exist independently of our knowledge while asserting that access to the social world is mediated and therefore subjective. Critical realism theory offers the researcher the power to explain complex social events and rule out other potential explanations. The present research has gone beyond the observable, and has proposed to discover the mechanisms behind events (Wigren, 2005). As the idea of critical realism is that natural and social reality are understood as an open stratified system of objects with causal powers (Morton, 2006), the researcher has uncovered the causal power between private banking consumer perception and the private banking consumer perception determinants. By understanding the structure that generates unobservable events, the researcher may understand the social world (Bhaskar, 2012) which results in an increased understanding of the consumer and of consumer perception. Further, by

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

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taking a critical realism approach, rather than a relativist approach, the analysis can focus on relations between people's condition and practices (Sims-Schouten, Riley, & Willig, 2007). This allows the researcher to discover the importance of the relationship between private banking consumer and relationship managers and the influence on consumers' perceptions.

#### **5. Explanations of methods and methodology**

The present research has used a case study method (Yin, 1984). Action research was not suitable as the researcher might get involved in dilemmas that are related to conflicting organizational roles which led to conflict over the researchers' loyalties. This affects how the action researcher is seen, as the researcher is a project manager inside the company rumours might be spread in order to discredit the action researcher by stating that the researcher is using the project of action research to set up a favourable position within the organization for him (Bryman & Bell, 2007). Apart from that, by using action research the researcher would not be able to answer the research questions as it is not possible for the researcher to gather and validate the determinants of private banking consumer perception by doing action research. These determinants need to be uncovered by considering all participants that have an influence on the topic under investigation. Due to banking secrecy and discretion the researcher would not be able to find action research participants that were willing to participate in action research. Relationship managers as well as banking managers will not be able to allow the researcher to take part in client consultation processes inside the bank. Banking secrecy and discretion will be explained in detail in section 5.1.

Yin (1984) stated that the aim of a case study is to explore phenomena and understand them within a particular context. Often, this context is an organizational context. As mentioned, the researcher analysed changes of private banking consumer perception within the context of an acquisition. Changes of consumer perception may be taking place due to a specific event (in this case, acquisition). As described by Bryman and Bell (2007) a case study is a vehicle in which several qualitative methods can be combined and by doing so it avoids too great reliance on a single approach. Therefore, the researcher will use case study observations and semi-structured interviews (please refer to Figure 27). The details of the observations and semi-structured interviews will be explained in detail in further subsections of this chapter. This combination was already successfully used in a study of quality management in a UK retail bank; the case study consisted of observation combined with semi-structured interviews (Knights & McCabe, 1997). Further, the case study method fits very well to the critical realism approach as both acknowledge the importance of contextual analysis and historical implementation (Tsoukas, 1989). Historical implementation can be manifested as culture. In the present research the perception of consumer perception is analysed in the

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

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context of an acquisition. In addition, critical realists work empirically (Jackson, 2009) which fits to the case study as it is a research strategy as well as an empirical inquiry which investigates a phenomenon within its real-life context (Yin, 2003).

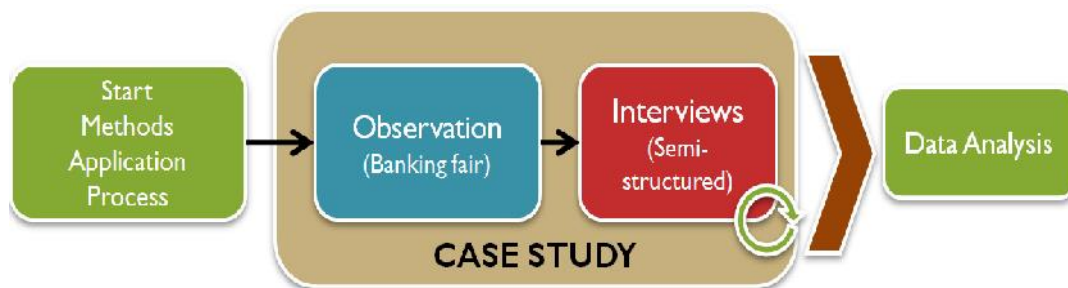


Figure 27: Methods and the application process (own creation)

In marketing, perception is defined as a process by which an individual receives, selects, organizes and interprets information to create a meaningful picture of the world (Creamer, 2007). Perception depends on internal factors such as beliefs, experiences, needs, moods and expectations. It is influenced by the characteristics of a stimulus (like intensity) and by the context in which it is seen or heard (Belch & Belch, 2009). The current research took place during the European Banking Crisis which is part of the context and, therefore, influenced the perception of the private banking consumer (e.g. the bad market situation had a negative effect on the client asset portfolio). Further, there are many parties involved in the process of an acquisition and these parties have an influence on the perceptions of private banking consumers as they form the context and influence internal factors such as beliefs, needs, moods, etc. Thus, all parties which have an influence on the topic under investigation, like

- private banking consumers,
- private banking client advisors,
- consultants and/or lawyers

are the units of research and will be observed and/or interviewed. Due to the consideration of relevant groups of actors and interactions and relations between them, case studies are a multi-perspectival analysis and allow the researcher to understand the perception from the viewpoint of the “elite” (Feagin, Orum, & Sojberg, 1991) who have the biggest influence on the topic at hand. This offers the researcher a holistic view (Patton, 1990) on the present subject. Holistic means, that the researcher gets an “encompassing view based on the knowledge of the nature, functions, and properties of

the components, their interactions, and their relationship to the whole” (Holistic, n. d.). Also Kuhn (1962) used the term holistic but in a broader perspective and said that it is used to capture methodological, observational and conceptual differences between scientific paradigms which he had encountered in his investigation into the development of the natural science. The holistic case study is shaped by the principles of qualitative research and serves the evaluation of complex procedures that are not treated effectively with quantitative designs (Scholz & Tietje, 2002). Hence, the researcher collected qualitative data which will be explained in section 5.1 more in detail.

As the thesis used in the first phase non-participant observations and in the second phase semi-structured interviews to gather primary data; between-method triangulation was achieved which is a sub-type of methodological triangulation (Denzin, 1978). Between-method triangulation is accomplished by using at least two methods in a single piece of research (Rebecca & Welch, 2004). Triangulation has its origins from navigation and refers to a procedure whereby multiple reference points are used to locate the exact position of an object (Bryman & Bell, 2007). In business research triangulation allows the researcher to get a fuller picture and a better understanding of the study under investigation as different perspectives are used (Denzin, 1978; Thurmond, 2001). In addition between-method triangulation is used to enhance the validity of findings which will be discussed in subsection 7 (7.1 Validity).

#### **5.1 Research paradigm: Reasons for collecting qualitative data**

The findings of the case study consist of qualitative data. The outcomes of the records gathered inside the case study are rich in descriptive context (Elsbach & Bechky, 2009; Morse & Field, 1995) which is important for building specific, explanatory and relevant theory (Elsbach & Bechky, 2009). These theories are substantive in their form as well, as they are developed within a certain context (Collis & Hussey, 2003). Further, qualitative data is rich as it captures the richness of detail and nuance of the phenomena being studied (Collis & Hussey, 2003) and originates or uses small samples (Varkevisser et al., 2003). This made qualitative data valuable for the present research. The major accessibility issues during the present research process are caused by *discretion* and the *banking secrecy*. *Discretion* in German describes the ability and capability to maintain secrecy in spoken and written form and is seen as a positive

behaviour pattern (Diskretion, n. d.). *Banking secrecy* is fixed by different laws and exists in different forms. In Germany, banking secrecy states that the banks have the duty to maintain secrecy of all facts and value judgments of personal and company beneficiaries (Lützenrath, 2006). That means among other things for the present research process, banks will not be able to offer the researcher contacts of private banking consumers. This situation will accompany the researcher through the whole research process. Further, due to discretion and banking secrecy the author was not able to address or contact a high number of private banking clients and, thus, the sample is small.

In addition, qualitative data deals with qualities, non-numerical characteristics (Collis & Hussey, 2003) and this type of data is said to be subjective (Gliner & Morgan, 2000) and context-specific (Fielding & Lee, 1998). As investigated during the literature review, perceptions of private banking consumers are influenced by the context and different determinants. These determinants and the context influence the subjective attitude of the consumers. Therefore, qualitative data approach fits very well as the data presents problems to subjectivity and is context-specific. Furthermore, determinants are categories and consist of different aspects and/or sub-categories. The context-rich data allowed the researcher to let categories rich in descriptive context emerge inductively by using qualitative context analysis. Quantitative data would neither allow any subjective influence nor context-rich data as it is objective and, was not considered useful for the topic under investigation.

#### **5.2 Observation**

Observation was used at the beginning of the data gathering process which is commonly used in an exploratory phase of a study (Neergaard & Ulhøi, 2007) and this technique is often used by critical realists to identify underlying mechanisms or structures that produce or might explain events or the phenomena under study (Danermark et al., 2002). This non-participant observation was undertaken at a finance fair. On financial fairs, private banking relationship managers introduce new financial products, services and discuss current financial issues and topics with private banking clients and consultants. The observer seeks, with non-participant observation, “to obtain the same sort of understanding of other people’s construction of the social world but without immersion in the life that is implied in participant observation” (Carter & Cathryn,



1997, p. 32). The purpose of this research method was to observe and record without the researcher being involved, the behaviour, action, relationship (Collis & Hussey, 2003) between relationship managers and customers. Further, the researcher is able to listen to and to record conversations between private banking relationship managers and clients and to acquire the viewpoint of these persons (Ferrante & Ferrante-Wallace, 2005). Hence, the researcher was able, by using critical realism, to go beyond observation. Therefore, the researcher was able to see, to listen and to understand how consumers perceive private banking.

- It is expected that private banking consumer perception determinants gathered by the systematic literature review can be confirmed and new ones might be found by listening and recording the conversation of private banking consumers and employees. Further, the participants might discuss the topic of acquisition in banking and the influence on the clients. Any unexpected topics or issues uncovered during this process may be used to extend or complete the list of topics used for the semi-structured interviews (Bryman & Bell, 2007).
- During the observation process the relationship expressed between private banking relationship managers and consumers was uncovered as both parties meet at the finance fair. To be more specific, the influence of relationship managers on the perception of the consumers' was explored.
- By undertaking observation, the researcher learned cultural aspects (e.g. words and their particular meanings (Becker & Geer, 1957)). The researcher became familiar with the lives of the observed people and the collected data, which led to the ability to draw reliable conclusions from the research (Mankato, 2004). This was a very important aspect as private banking clients, advisors and specialists use their own terminology. Observations helped to create effective questions for the semi-structured interviews. By experiencing people's work and routines, the researcher learned the knowledge shared among the people. This knowledge helped the researcher to ask appropriate questions and make sense of the interviewees (Mankato, 2004).

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

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#### *Non-participant observation planning and preparation*

Flick (2009) constructed the following phases/steps from several authors to plan and execute an observation that were used to undertake the non-participant observation of the present research. In the following abstracts these phases will be explained:

- Selecting a setting
- Defining of what is documented
- Training of the observer to standardize the focus
- Observing
  - o Descriptive observation at the beginning to gain an orientation to the field under study
  - o Focused observation to narrow the perspective on problems and processes
  - o Selective observation towards the end of an observation to find further evidence and examples for the findings made at focused observation
- Ending observation when saturation is reached and no new knowledge might be found (Flick, 2009).

#### *Selecting a setting (sample)*

As mentioned, observation was done at a financial fair (selection of a setting) in May 2011. The author has chosen one of the biggest financial fairs in the German speaking area. This provided the researcher access to the involved units of research (private banking consumers and relationship managers as well as financial consulting companies). During the fair, six different events were observed: three panel discussions and three financial consulting discussions. As during the sixth event no new knowledge was found the researcher stopped the observation process. Hence, data saturation was reached (Grady, 1998, p. 26). The speakers were banking specialists and/or consultants working in the banking sector. The audience consisted of 50 to 100 people and composites of banking consumers, banking specialists, consultants and the press. The observation was done over two days and resulted in about 70 pages of data. The data consisted of transcripts, notes that were made during the observation and reflective notes that were made after the observation. Table 7 displays the characteristics of the speakers of the panel and consulting discussions. The table consists of the number of observations, the speakers, their key aspects of activity, their current position, the type of event, the management level, if they work for an acquired bank and the number of

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

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people of the audience. The job level was grouped into upper management (consisted of Chief Executive Officer, Members of the Executive Board and Executive Directors), medium management (Associate Directors and Directors), and lower management (Associates and Associate Officers). All mentioned speakers have more than 10 years banking experience and are working for companies that provide private banking service or, in terms of the consultants, consult private banking service providers. Please note that participant names and companies have been removed as it was stated to the participants that their and their companies' identity will be made anonymous. Ethical considerations will be discussed at a later stage of this chapter.

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

Observation Nr.	Speaker Nr.	Position	Key aspects of activity	Event Type	Management Level	Acquisition experience	Audience
1	1	Senior Consultant	Behavioural Finance	Panel Discussion about customer focus as factors of success	l	y	80
1	2	Senior Consultant	Quality of Financial advisory; Financial education; Client development; Retirement Provision and capital markets	Panel Discussion about customer focus as factors of success	l	y	80
1	3	Member of the executive board of a direct bank	Treasury and Commercial papers; book author	Panel Discussion about customer focus as factors of success	u	n	80
1	4	Head of asset management of an asset management company	Wealth management, private banking and asset management	Panel Discussion about customer focus as factors of success	u	n	80
1	5	Member of the executive board of an acquired asset management	Regional manager	Panel Discussion about customer focus as factors	u	y	80

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

Observation Nr.	Speaker Nr.	Position	Key aspects of activity	Event Type	Management Level	Acquisition experience	Audience
		company		of success			
2	6	Proxy Holder of an acquired private bank	Marketing Products Retail	Consumer consulting about account control	l	y	80
3	7	Executive Director of a private bank	Head of Public Distribution Germany & Austria	Panel discussion about being successful in current economic times	u	n	60-70
3	8	Senior Sales of a bank	Asset expert	Panel discussion about being successful in current economic times	l	n	60-70
3	9	Manager of a large bank	Funds and Derivative expert; Head of Public Distribution Germany & Austria	Panel discussion about being successful in current economic times	m	n	60-70
4	10	Manager of a large bank	Distribution of Product Services	Consumer consulting about account control	m	y	70

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

Observation Nr.	Speaker Nr.	Position	Key aspects of activity	Event Type	Management Level	Acquisition experience	Audience
4	11	Free-Lancer	Journalist and Blogger of economic journals	Consumer consulting about account control	none	n	70
4	12	Proxy Holder of an acquired private bank	Marketing Retail Products	Consumer consulting about account control	l	y	70
5	13	Head of client services marketing retail products of an acquired private bank	Product expert for derivatives and author of financial books	Consumer consulting about account control	m	y	60-70
6	14	CEO of an asset management company	Asset Management	Consumer consulting about account control	u	n	70

Table 7: Overview of the speakers of the non-participant observations

#### *Observation documentation tasks*

In the next step it was necessary to define what will be documented during the observation. The researcher created detailed observation documentation tasks from the data gathered by the systematic literature review. The observed behaviour, conversation and the reflection notes were aligned to these tasks. Table 8 consists of the observation documentation tasks and interrelation of the research objectives (columns RO1 to RO4) and research questions (RQ1 to RQ3). The research objectives and questions were already explained at page 92. The research objectives and questions are mentioned again to improve the overview:

#### Research objectives

- Objective 1 (RO1): Gather and validate determinants of private banking consumer perception by empirical research
- Objective 2 (RO2): Defining the term private banking consumer perception
- Objective 3 (RO3): To examine to what extent, if any, acquisition influences private banking consumer perception
- Objective 4 (RO4): The creation and validation of a model of private banking consumer perception by empirical research which incorporates the acquisition

#### Research questions

- Research Question 1 (RQ1): What are the determinants of private banking consumer perception?
- Research Question 2 (RQ2): What is the definition of private banking consumer perception?
- Research Question 3 (RQ3): Does the acquisition of a private banking service provider influence the private banking consumer perception?

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

Task Nr.	Observation documentation tasks	RO1	RO2	RO3	RO4	RQ1	RQ2	RQ3
1	<p>Validate and complete private banking consumer determinants listed below</p> <ul style="list-style-type: none"> <li>- Relationship (between bank or RM and consumer) <i>Derived from Akerlund (2005) Bhalakrishnan (n. d.), Abratt and Russell (1999), Molyneux and Omarini (2005) Bruhn et al. (2009) and Gratwohl (2011); Literature Review Chapter II , Section 7.2</i></li> <li>- Communication <i>Derived from Akerlund, (2005); Literature Review Chapter II , Section 7.4</i></li> <li>- Accessibility (one-to-one meetings) <i>Derived from Akerlund (2005), Literature Review Chapter II , Section 7.4</i></li> <li>- Winner and Killer Elements (must have and nice to have products/service) <i>Derived from Galasso (1999);</i></li> </ul>							



### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

Task Nr.	Observation documentation tasks	RO1	RO2	RO3	RO4	RQ1	RQ2	RQ3
	<p><i>Literature Review Chapter II, Section 7.6</i></p> <ul style="list-style-type: none"> <li>- Competence (knowledge to do the service right) <i>Derived from Bick et al. (2003);</i> <i>Literature Review Chapter II, Section 7.8</i></li> <li>- Reliability (do the service right) <i>Derived from Bick et al. (2003);</i> <i>Literature Review Chapter II, Section 7.8</i></li> <li>- Emotional Values (feelings, impressions) <i>Derived from Recklies (2006);</i> <i>Literature Review Chapter II, Section 7.3</i></li> <li>- Response (respond to needs and expectations of clients) <i>Derived from Gratwohl (2011);</i> <i>Literature Review Chapter II, Section 7.5</i></li> <li>- Understanding the customer (understand needs and expectations) <i>Derived from Baumann et al. (2007);</i></li> </ul>							

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

Task Nr.	Observation documentation tasks	RO1	RO2	RO3	RO4	RQ1	RQ2	RQ3
	<p><i>Literature Review Chapter II, Section 2.2</i></p> <ul style="list-style-type: none"> <li>- Price (higher price higher expectation and vice-versa) <i>Derived from Putz (2002) and Galasso (1999); Literature Review Chapter II, Section 0</i></li> <li>- Courtesy (friendly, clean appearance of staff) <i>Derived from Macdonald (1995); Systematic Literature Review Chapter II, Section 7.3</i></li> <li>- Credibility (reputation, trust) <i>Derived from Abratt and Russell (1999) Molyneux and Omarini (2005); Literature Review Chapter II, Section 7.10</i></li> <li>- Security (discretion, banking secrecy) <i>Derived from Baumann et al. (2007); Literature Review Chapter II, Section 7.7</i></li> </ul>							

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

Task Nr.	Observation documentation tasks	RO1	RO2	RO3	RO4	RQ1	RQ2	RQ3
	<ul style="list-style-type: none"> <li>- Past Experience (with service provider) <i>Derived from Abratt and Russel (1999) and Weil (2002); Literature Review Chapter II, Section 7.11</i></li>   <li>- Word of Mouth (suggestions from friends, colleagues, etc.) <i>Derived from Abratt and Russel (1999), Weil (2002) and Lleshankau (n. d.); Literature Review Chapter II, Section 7.11</i></li>   <li>- Needs (the requirements of the customers must be understood) <i>Derived from Kalish (2011); Literature Review Chapter II, Section 7.12</i></li>   <li>- Discover and identify further determinants <i>Used to complete the list of private banking consumer perception determinants.</i></li> </ul>							
2	<p>Influence of acquisition on private banking consumer perception</p> <ul style="list-style-type: none"> <li>- Importance of relationship during the process <i>Derived from Akerlund (2005) Bhalakrishnan (n. d.), Abratt and</i></li> </ul>							

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

Task Nr.	Observation documentation tasks	RO1	RO2	RO3	RO4	RQ1	RQ2	RQ3
	<p><i>Russell (1999), Molyneux and Omarini (2005) Bruhn et al. (2009) and Gratwohl (2011) ; Literature Review Chapter II , Section 7.2</i></p> <ul style="list-style-type: none"> <li>- Which determinants might acquisition influence e.g. credibility (reputation, company name)? <i>Derived from Urban and Pratt (2000); Literature Review Chapter II, Section 7.16</i></li> <li>- Feeling of consumers during an acquisition (e.g. loss of independence advice) <i>Derived from Recklies (2006); Literature Review Chpater II, 7.3</i></li> <li>- Importance of reasons for the acquisition <i>Derived from Belch and Belch (2009);</i>  <ul style="list-style-type: none"> <li>➔ <i>As the context is important for perception the background of an acquisition might change the context</i></li> </ul> <i>Literature Review Chpater II, Section 2.2</i> </li> </ul>							

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

Task Nr.	Observation documentation tasks	RO1	RO2	RO3	RO4	RQ1	RQ2	RQ3
	<p>- Behaviour of staff during the process</p> <p><i>Derived from Belch and Belch (2009), Schein (1992) and Johnson et al. (2006)</i></p> <p>➔ <i>Used to get a better understanding of the context of an acquisition</i></p> <p><i>Literature Review Chpater II, Section 2.2 and 2.4</i></p>							

Table 8: Observation tasks and interrelation to research objectives (own creation)

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

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Observation task one was used to confirm and complete the determinants of private banking consumer perception and relate it to research objective one and research question one.

Task two was used to gather information about the acquisition process and its influence on the consumer perception but could only be applied to events with speakers from an acquired bank. This task was related to research objective three and research question three.

Both tasks were required to construct and validate the model of private banking consumer perception by empirical research, related to research objective four. This model of the determinants does consider the acquisition and the influence on the consumer.

The next phase consisted of training the observer in order to standardize the observation procedure. The researcher developed the observation process with several TV banking panel discussions until the observation procedure became routine. The observation was ended after the sixth observation as saturation was reached and no new knowledge was found (Flick, 2009).

#### *Non-participant observation structure*

From the planning and preparation procedure above the following observation structure or process was constructed.

- Before starting the observation, the researcher asked the speakers if they agree to record the discussion during the fair on tape and make notes of important discoveries. The background of the research was shortly explained to the speakers. Further, it was stated to the speakers that their names and the companies involved in the observation will be made anonymous.
  
- During the observation the researcher made notes of important issues, statements and aligned these to the observation tasks mentioned in table 8.

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

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- Furthermore, important behavioural action, events as well as cultural aspects were written down.
- After the observation was finished, the researcher made reflective notes and aligned these to the observation tasks.

As soon as the observations were finished, transcripts of the observations were made (please note that the transcript policy will be explained at a later stage of this chapter). In addition to that, the data was used to create the semi-structured interviews. New private banking consumer perception determinants, cultural aspects (e.g. banking/client terminology, discretion and taboo topics) and occurred events will be considered by creating the semi-structured interview list. From the mentioned observation steps (observation planning, structure, and documentation tasks) the author created an observation guide that can be found in Appendix 2 which was used during the observations. The following figure displays the steps undertaken to do the observations.

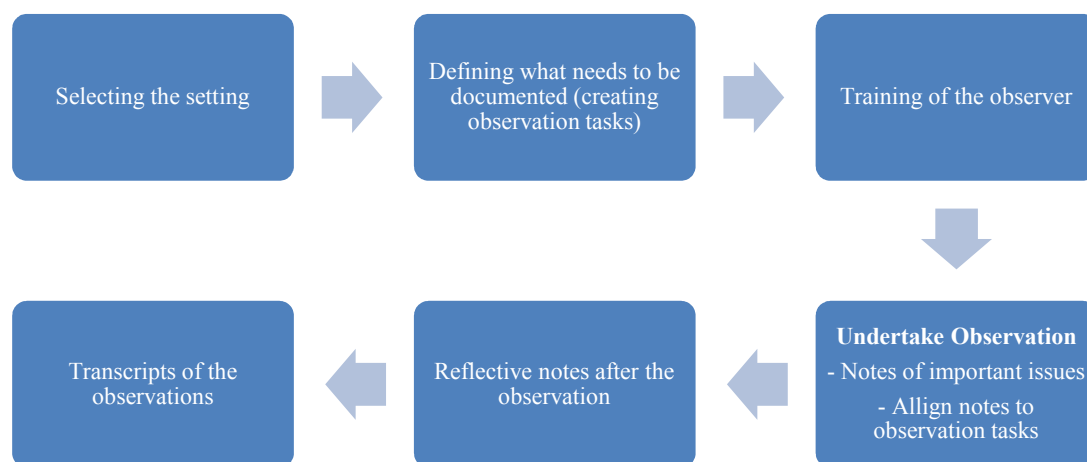


Figure 28: Observation procedure

#### 5.3 Semi structured interviews

An interview was described by Thorpe (2009) as “a particular form of communication in which you interact largely through a question-and-answer format to achieve a variety of specific goals and functions” (p. 1). By using semi structured interviews, the author had a guideline of topics or questions but was able to add questions or vary the theme of the interview (Currie, 2005). Semi-structured interviews produce a large amount of rich

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

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data because although a pre-set type of questions is used, the interviewee will answer freely (Collis & Hussey, 2003).

During interviews the interviewer can use a rough guideline of topics or questions which is useful to avoid forgetting a question or topic. Respondents have the freedom to illustrate and respond. This keeps the participant talking in their language and by using their own description. Thus, the “stories” told are rich in descriptive context and therefore valuable and significant for qualitative research (Morse & Field, 1995), which is important for the present study as the investigator collected qualitative data which is subjective, relies on interpretations and is admittedly value-bound (Klenke, 2008). Therefore, the context is very important as it has a big influence on the researchers’ interpretation. The more the researcher understands the context the better he will be able to understand and interpret the data collected. In addition to that the nature of semi-structured interviews supports the researchers’ critical realism research philosophy: the descriptive context will help the researcher to understand the phenomena that are produced by mechanisms that are real but not directly accessible to observation and only visible through their effects (Bryman & Bell, 2007; Bhaskar, 2012). It is assumed that consumer perception is an effect which is not directly accessible. Perception might be produced by mechanisms, the private banking consumer perception determinants.

Another advantage of semi structured interviews is the researcher’s ability to ask questions during the interviews to get clarification or explanations of unclear assumptions (Currie, 2005). In terms of the present study this was very helpful as interviewees were asked for further detailed information to better understand, if necessary. Further, the method was useful as the researcher knew most of the questions, but is not able to predict the answer (Morse & Field, 1995). This fits to the present research procedure as well: most of the questions were known by the interviewer due to the literature research and the previously conducted observation.



#### *Sampling*

Collecting part of the elements of a set is called sampling. Cadima (2005) defined a sample unit and sample as followed: “The elements will be the sampling units, part of the elements form the sample and the full set is the population” (p. 1). Mostly, it is impossible or too difficult to observe all the elements of a population (Cadima, 2005). In the present research the "snowballing sampling method" will be used during the interview process. The functionality, characteristics and criteria for choosing this method will be explained in the following abstracts.

The researcher collects data from a few members of the target population or asks individuals to provide the information needed to locate other members of that population. Each located subject suggests other subjects (Babbie, 2008). This method is often used by qualitative researchers (Rubing & Babbie, 2009) and is very helpful and appropriate when access to appropriate subjects for interviewing is difficult (Gray, Williamson, & Karp, 2007; Babbie, 2008). In the present research it is complicated to locate and get access to private banking consumers due to discretion and banking secrecy.

Whilst the population of private banking clients could be considered to have similar characteristics, the researcher was aware of potential bias introduced by the interviewees' selection. The interviewees' recommendations for others to be interviewed could be based on trying to validate that interviewee's opinion. One option to control this bias is to collect data from other sources to formulate the conclusion (Blankenship, 2010). This option was used by the researcher as the data of the present thesis was gathered by using interview and observation participants. The interviewees and the people observed are not the same. Furthermore, the researcher used two different interviewees as a starting point for snowball sampling (one relationship manager and one client, which will be discussed at a later stage of this subsection). Apart from that, the researcher took care that the interview participants were in different age groups, job position, experience, education, sex, domicile and were clients of different banks or worked for different employers. Consequently, bias could be reduced to a minimum which was supported by the findings as e.g. clients had different preferences in terms of risk investments, products, service, etc. As stated, the interviewees and the people observed are not the same. One private banking consumer and two relationship

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

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managers were known by the researcher. The relationship manager was interviewed and provided references of further private banking relationship managers. To get these references, the interviewer asked at the end of the meeting the question “do you know any people, like private banking relationship managers or other clients, who want to discuss private banking consumer perception and might be interested in meeting me?”. By starting the following interviews with an introduction from the referring person, it was easier for the researcher to establish an atmosphere of trust with the new participants/clients (Polit & Beck, 2004). This was a very important aspect as the participants, especially the clients, might talk without (or with fewer) restraints during the interview which resulted in richer data which was important for the quality of qualitative data.

The relationship manager known by the client works for a private bank and advises clients that were former customers of acquired banks. In addition to that, one client is known by the researcher who is a customer of an acquired bank. Thus, the interviewees are aware of private banking consumer perception and the acquisition procedure, and provided detailed understanding of the process and contacts of people involved in this course of action (government/lawyers and bank management). These contacts have knowledge or expertise in the acquisition process of banks offering private banking service and could provide information about changes of private banking consumer perception due to an acquisition.

In the end, by using the snowballing method, it was possible to construct a chain of relevant interview partners. These interview partners helped the researcher as they delivered important information for the present research to achieve the researchers’ research objectives: with the data gained by interviews with private banking consumers and private banking relationship managers, the researcher was able to define the term consumer perception. Additionally, the gathered data from these parties (relationship manager, clients, private banking lawyers and managers) was used to confirm and complete the determinants of private banking consumer perception. As investigated during the literature review, private banking involves developing a close relationship with clients, and that the heart of private banking lies in personal relationships (Abratt & Russell, 1999). Therefore, consumers shared their experienced perception with private banking relationship managers and, hence, relationship managers were aware of

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

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determinants of private banking consumer perception, too. Furthermore, other parties like lawyers are involved in the acquisition process of banks. These parties were included in the interview process to discover to what extent, if any, acquisition influences or might influence private banking consumer perception. Lastly, data from all parties involved in the acquisition process (private banking consumers, private banking client advisors and managers and government/lawyers) were required, which was obtained by interviews, to validate the conceptualized model of private banking consumer perception.

At the beginning it was assumed that ten interviews would be needed to obtain meaningful data as stated by LoBiondo-Wood and Haber (1998). Nevertheless, it was impossible for the author to preselect a definite sampling size before starting the interview procedure. Therefore, interviews were done until no new findings were found and a repetition of themes occurred. This happened after the 12<sup>th</sup> interview but the researcher made two further interviews to ensure data saturation was reached. As these last two interviews gained no new findings neither, the process was stopped. The interviews were undertaken in September and October 2011. All in all, 14 interviews were undertaken that resulted in 785 minutes interview time in total, 84'000 words and 205 pages of transcripts.

The following table shows the type of interview participants, their current position, education, period of private banking experience in years, the management level and if they worked for an acquired bank or have experience with clients from an acquired bank. The job level was grouped into upper management (consisted of Chief Executive Officer, Members of the Executive Board and Executive Directors), medium management (Associate Directors and Directors), and lower management (Associates and Associate Officers).

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

<b>Nr.</b>	<b>Position</b>	<b>Education</b>	<b>Private Banking Experience</b>	<b>Management Level</b>	<b>Acquisition Experience</b>
1	Asset management advisor private banking (assistant vice president)	Eidg. Dipl. Banking Expert	12	l	yes
2	COO and reliable partner of a private banking provider	Doctorate in Business Administration	12	u	no
3	Director and relationship manager of an asset management company	Banker (IHK)	18	m	yes
4	Client	Unknown	15	none	no
5	Branch manager of an asset management company	Banker (IHK), Qualified Financial Consultant	17	u	yes
6	CEO and reliable partner of an asset management company; private banking and financial market expert	Master of Business Administration	21	u	yes
7	Client	Master Craftsman	25	u	yes
8	Assistant for relationship managers (Assistant Vice President)	Bachelor of Business Administration	8	l	yes
9	Client	Dipl. Business Administration	60	u	no
10	Relationship manager of a private bank	Lic. Philosophy	8	m	yes

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

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<b>Nr.</b>	<b>Position</b>	<b>Education</b>	<b>Private Banking Experience</b>	<b>Management Level</b>	<b>Acquisition Experience</b>
11	Client	Dipl. in Finance and Accounting (HSG)	20	u	yes
12	Lawyer of a private bank	Master of Law	5	l	yes
13	Director and relationship manager of a private bank	Banker (IHK)	26	u	yes
14	Client	Unknown	30	none	no

Table 9: Semi-structured interview participants overview

#### *Interview environment*

The interview location took place in location of subject's choice. Interviewees were not be faced with inconveniences like driving, parking, and a host of other concerns that could create stress and difficulty. The interview location of subject's choice ensured that "narrator will be on their 'home turf', in familiar surroundings that provide relaxed atmosphere for the session and give comfort to the interview process." (Egan & Howell, 2001, p. 109). All interviewees were informed that the location should be chosen with as little background noise as possible. Interruptions due to e.g. other people, should be avoided to achieve a high level of concentration and to increase the value of the interviewees contribution (Egan & Howell, 2001; King & Christine, 2010). Hence, the consideration of space and physical location of the interviews was significant (Marschan-Piekkari & Velch, 2004). All participants, excluding the clients, chose a meeting room at the interviewee's employer which allowed a level of familiarity and comfort for the participants. The interview in a business location strengthens the business context of the interview which is from importance as the researcher needs "to consider the context of the research process, not just the context of the phenomenon they are studying" (Marschan-Piekkari & Velch, 2004, p. 245). Clients preferred to do their interview via telephone to stay anonymous. The researcher called the clients at an agreed time.

#### *Interview questions*

As already mentioned, by undertaking an observation the researcher learned the knowledge shared among the people. In addition to that, the author has five years of experience in the financial service industry and is aware of the language used by the interviewees. This knowledge helped him to create effective questions for the semi-structured interviews and to uncover unexpected topics. To achieve the mentioned four research objectives the author developed several interview questions. The style of all the questions was designed in a way that the interviewee has the possibility to respond freely. This allowed the researcher to gain rich and context driven data. Furthermore, due to the experience in the financial industry of the researcher a kind of rapport could be generated more easily with the interviewees which lead to more detailed explanations. However, the interviewer was aware of the fact that explanation should not be accepted too easily. Table 10 consists of questions which were used during the

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

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semi-structured interviews, the columns RO1 to RO4 state the research objective and RQ1 to RQ3 the research question that were covered by the interview question.

The research objectives and questions are stated again to increase the overview.

#### Research objectives (RO)

RO1: Gather and validate determinants of private banking consumer perception by empirical research

RO2: Defining the term private banking consumer perception

RO3: To examine to what extent, if any, acquisition influences private banking consumer perception

RO4: The creation and validation of a model of private banking consumer perception by empirical research which incorporates the acquisition

#### Research questions (RQ1)

RQ1: What are the determinants of private banking consumer perception?

RQ2: What is the definition of private banking consumer perception?

RQ3: Does the acquisition of a private banking service provider influence the private banking consumer perception?

The order of the interview guide was constructed by considering the research objectives and questions as well as to achieve an oral fluency or a fluent conversation with the participant.

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

Section Nr.	Question	RO1	RO2	RO3	RO4	RQ1	RQ2	RQ3
1.1	<p>Does the <b>relationship</b> between bank and client or/and the relationship between relationship manager and bank influence private banking expectation and perception?</p> <p>Which one has a stronger influence and is more important for you?</p> <p><i>Derived from Akerlund (2005) Bhalakrishnan (n. d.), Abratt and Russell (1999), Molyneux and Omarini (2005) Bruhn et al. (2009) and Gratwohl (2011);</i></p> <p><i>Literature Review Chapter II , Section 7.2</i></p> <p>How strong is this relationship in bad and good economic times and how important is it for loyalty and retention?</p> <p><i>Derived from observation findings</i></p>							
1.2	<p>What expectation do clients have in terms of <b>communication</b> with their bank? How does this influence perception in private banking?</p> <p><i>Derived from Akerlund, (2005);</i></p> <p><i>Literature Review Chapter II , Section 7.4</i></p>							
1.3	<p>From your point of view, how and when do you think the bank must be reachable or <b>accessible</b>? Is the place and location of your bank important? How do these facts influence private banking expectation and perception?</p>							



### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

Section Nr.	Question	RO1	RO2	RO3	RO4	RQ1	RQ2	RQ3
	<i>Derived from Akerlund (2005), Literature Review Chapter II , Section 7.4</i>							
1.4	Do you think there are services that your bank must ( <b>winner element</b> ) deliver as you expect them, without which you would be very disappointed and, in the extreme, change bank? Are there other services ( <b>killer elements</b> ) which are a bonus and only “nice to have”? How does a lack of such services form your perception? <i>Derived from Galasso (1999); Literature Review Chapter II, Section 7.6</i>							
1.5	What do you expect in terms of <b>competence</b> of the banking staff? What are your expectations and how do you perceive competence? <i>Derived from Bick et al. (2003); Literature Review Chapter II, Section 7.8</i>							
1.6	Do clients expect the banking service to be efficient and <b>reliable</b> ? What do you understand by efficient and reliable private banking service? Do you perceive private banking is reliable? <i>Derived from Bick et al. (2003); Literature Review Chapter II, Section 7.8</i>							

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

Section Nr.	Question	RO1	RO2	RO3	RO4	RQ1	RQ2	RQ3
1.7	Does the reaction/ <b>response</b> of relationship managers or banking staff influence the clients' perception when the client e.g. places an order for transactions? Does the timing of the service execution effect your perception in private banking? <i>Derived from Gratwohl (2011); Literature Review Chapter II, Section 7.5</i>							
1.8	Do clients perceive it as convenient when the banking staff recognize them? Is it important for your private banking perception when a bank learns to <b>understand</b> you as a <b>customer</b> and your preferences? <i>Derived from Baumann et al. (2007); Literature Review Chapter II, Section 7.5</i>							
1.9	During the last year many large banks have increased their fees. In case a bank has higher <b>prices</b> /fees for its service, do you have higher expectations and/or perception on the bank? What does it mean to you when a bank increases the fees of their services? <i>Derived from Putz (2002) and Galasso (1999); Literature Review Chapter II, Section 0</i>							
1.10	What do you expect in terms of behaviour and appearance of							

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

Section Nr.	Question	RO1	RO2	RO3	RO4	RQ1	RQ2	RQ3
	banking staff? Do you perceive <b>courtesy</b> in private banking? <i>Derived from Macdonald (1995); Literature Review Chapter II, Section 7.3</i>							
1.11	Do you perceive private banking as trustworthy, believable and honest? What are your expectations and perception of private banking concerning these <b>credibility</b> points? <i>Derived from Abratt and Russell (1999) Molyneux and Omarini (2005); Literature Review Chapter II, Section 7.10</i>							
1.12	What do you expect as <b>security</b> in private banking? What role does discretion have in private banking? <i>Derived from Baumann et al. (2007); Literature Review Chapter II, Section 7.7</i>							
1.13	Does the <b>past experience</b> of private banking customers influence their expectation and/or perception? <i>Derived from Abratt and Russel (1999) and Lleshankau (n. d.); Literature Review Chapter II, Section 7.11</i>							
1.14	Does the suggestion of colleagues, friends or other people which is also called <b>word-of-mouth</b> have an influence on the customer's expectation and/or perception?							

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

Section Nr.	Question	RO1	RO2	RO3	RO4	RQ1	RQ2	RQ3
	<i>Derived from Abratt and Russel (1999), Weil (2002) and Lleshankau (n. d.); Literature Review Chapter II, 7.11</i>							
1.15	Do the <b>needs</b> influence consumers' expectations and/or perception? On what depend those needs (demographic factors) and how are these communicated to the staff? Do banks cover customers' needs? <i>Derived from Kalish (2011); Literature Review Chapter II, Section 7.12</i>							
1.16	There are different <b>products</b> (certificates, ETFs etc.) on the market and most of these products have shown their weaknesses in bearish markets. How do products influence your perception or expectation? <i>Derived from observation findings</i>							
1.17	There are <b>emotional values</b> (exclusivity, social status, personal touch) that might influence perception and expectation. Do you agree? What examples could you provide? <i>Derived from Recklies (2006) and Gratwohl (2011) Literature Review Chapter II, Section 7.3</i>							
1.18	Do you want to add any further determinant which might influence expectation or perception in private banking? <i>Used to complete the list of private banking consumer perception</i>							

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

Section Nr.	Question	RO1	RO2	RO3	RO4	RQ1	RQ2	RQ3
	<i>determinants.</i>							
2.1	<p>During the financial crisis, private banking service providers like Sal. Oppenheim, Dresdner Bank or BHF got acquired by other banks. How might such an acquisition change the expectation and perception of the consumers? We talked about the determinants which influence expectation and perception in private banking. Which determinants might acquisition influence (some, all, none) for example credibility (reputation, company name)?</p> <p><i>Derived from Urban and Pratt (2000); Literature Review Chapter II, Section 7.16</i></p>							
2.2	<p>How would your feelings change, if her/his bank gets acquired by another bank?</p> <p><i>Derived from Recklies (2006); Literature Review Chapter II, Section 7.3</i></p>							
2.3	<p>How important is for you the reason/background of the acquisition?</p> <p><i>Derived from Belch and Belch (2009);</i></p> <p>→ <i>As the context is important for perception the background of an acquisition might change the context;</i></p>							

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

Section Nr.	Question	RO1	RO2	RO3	RO4	RQ1	RQ2	RQ3
	<i>Literature Review Chpater II, Section 2.2</i>							
2.4	Are clients afraid that due to the acquisition the advice is not independent anymore? <i>Derived from Köhler et al. (2009); Introduction I</i>							
2.5	What would improve or worsen your perception during acquisition process? <i>Derived from Belch and Belch (2009);</i> ➔ <i>Used to get a better understanding of the context of an acquisition;</i> <i>Literature Review Chpater II, Section 2.2</i>							
2.6	Is it important for you the keep the same relationship manager during the acquisition process? <i>Derived from Akerlund (2005) Bhalakrishnan (n. d.), Abratt and Russell (1999), Molyneux and Omarini (2005) Bruhn et al. (2009) and Gratwohl (2011) ;</i> <i>Literature Review Chapter II , Section 7.2</i>							
3.1	Further, we gathered and discussed the determinants which influence perception. Do you have any point to add, which might influence or							

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

Section Nr.	Question	RO1	RO2	RO3	RO4	RQ1	RQ2	RQ3
	are important to form the private banking consumer perception? <i>Question is used to complete the model of private banking consumer perception;</i>							
3.2	Resulting from our conversation, what do you understand by the term private banking consumer perception? Would you agree that you have specific expectation and if you perceive these expectations as fulfilled you are satisfied? <i>Derived from a general consumer perception definition by Hoffman and Bateson (2010)</i> <i>Literature Review Chpater II, Section 2.2</i>							
4.	Do you know any people, like private banking relationship managers or other clients, who want to discuss private banking consumer perception and might be interested in meeting me?							

Table 10: Interview questions and interrelation to the research objectives (own creation)

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

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The interview section one consists of questions 1.1 to 1.18 which were used to confirm and complete the determinants of private banking consumer perception and expectations. This section is interrelated to RO1 and RQ1. Each number 1.X is used to confirm a gathered determinant (marked in **bold**) by the literature review or observation. The last question (1.18) is used to complete the list of determinants.

Interview section two consisted of questions 2.1 to 2.6 that are used to gather information about the acquisition process and its influence on the consumer perception and are interrelated to RO3 and RQ3.

Section 3 consisted of questions 3.1 and 3.2 which are necessary to define the term private banking consumer perception and are interrelated to RO4.

The last question (4.) is necessary to initiate or continue the snowball sampling method: “Do you know any people, like private banking relationship managers or other clients, who want to discuss private banking consumer perception and might be interested in meeting me?”

All of the mentioned questions are necessary to construct the model of private banking consumer perception which is interrelated to RO4. This is due to the fact that the model of private banking consumer perception respects the private banking consumer perception determinants and the factor acquisition. Further, the definition of the term private banking consumer perception (interrelated to RO2) is used as a basis to create the model of private banking consumer perception.

The interview procedure was piloted on several persons before starting the interview process. As access to private banking clients is very difficult the researcher used persons from the retail banking sector. Those clients and relationship managers are easier to access. These persons have retail banking experience and could therefore provide valuable and important feedback about the understanding of the interview questions. Questions, which make respondents feel uncomfortable or are too complex were identified and corrected (Collis & Hussey, 2003). Furthermore, the researcher developed comfort with the interview process.



### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

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The duration of an interview was about 60 minutes and the conversation was recorded on tape. During the face to face interviews, the author made notes of the behaviour and gesticulation of the interviewee. After the interview, transcripts of the interviews were made (please note that the transcript policy as well as the ethical considerations will be explained at a later stage of this chapter).

#### *Interview structure*

The following interview process was constructed:

- Interviewees were telephoned beforehand to shortly explain the topic and arrange an appointment for the interview.
- All participants got a brochure about the topic and interview questions (please refer to Appendix 4). This was necessary to strengthen the fact that no financial data will be required during the interview and that the questions are neither indiscrete nor breach banking secrecy nor make the interviewees feel uncomfortable.
- Clients were informed that they can only be interviewed if they have more than 100,000 CHF in liquid assets. This was necessary to ensure that clients are private banking clients.
- In case the interview contact was gained by using snowball sampling, the interviewer started the interview with an introduction from the referring person because it makes it easier for the researcher to establish trust with the new participants/clients (Polit & Beck, 2004).
- A small introduction about the topic under investigation was given which included a definition of consumer perception, private banking service providers and acquisitions in private banking. Further, the interviewees were informed that the interview will be recorded on tape but will be made anonymous, due to ethical considerations. In addition to that it was explained that they can skip any question or abort the interview at any time. Ethical considerations will be discussed more in detail in a later part of this chapter.

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

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- In the next step, the interviewees asked the following questions to strengthen their experience in the private banking area.
  - o At which bank they work(ed) or are clients of,
  - o Age and,
  - o Level of education.
  - o The relevance of experience in Private Banking
  - o Position/job description
  
- Then, the interviewer went through the questions mentioned earlier in Table 10.

The constructed interview guide can be found in Appendix 3. The following figure displays the step undertaken to do the interviews.

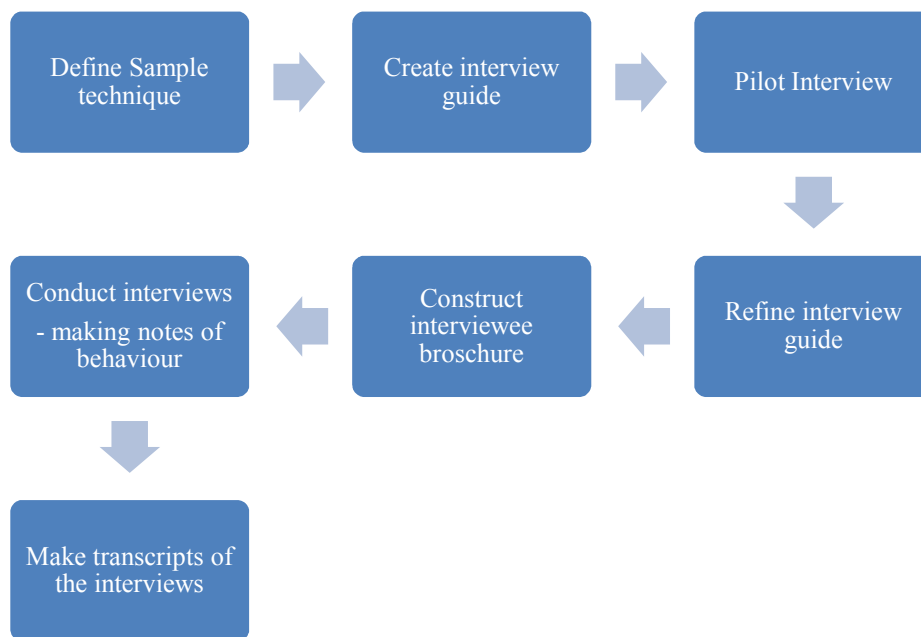


Figure 29: Interview Guide

#### 5.4 Transcript policy

As mentioned earlier, the author made transcripts of the interviews and observations. To ease the reading and to set the focus on the content of the transcripts, it is necessary to use special transcript policies (Kuckartz, Dresing, Rädiker, & Stefer, 2010). The author used the following transcript procedures, based on Dresing and Pehls' (2011) transcript policies:

1. Common/slang language will be translated into standard language.

2. Breaks/pauses of the interviewee or the interviewer will be marked with dots in brackets from one second (.) to three seconds (...). Longer breaks will be written down by the number of seconds in brackets, e.g. (12).
3. Positive answers (mh=hm, ah=ha) and negative answers (hm=mh, eh=eh) will be written down. Other vocalisations like "mhm" will not be written down.
4. Special highlighted words will be written down in upper case.
5. Each speech input gets an own abstract. The statements of the interviewer are displayed with "I:" and of the participant with "P:"
6. Emotional expressions (e.g. laughing) will be mentioned in brackets.

A translated interview transcript can be found in Appendix 5 to provide more clarity about the transcript procedures and how interviews have been translated.

#### **5.5 Content Analysis**

Content analysis was used to analyse the primary data, which is "a method of collecting data where text is systematically converted to numerical variables for quantitative data analysis" (Collis & Hussey, 2003, p. 345). This technique "allows the researcher to process data texts that are significant, meaningful, informative, and even representational to others" (Krippendorff, 2004, p. 41). As qualitative data is subjective and relies on interpretation of the researcher (Klenke, 2008) the context is very important and has a big influence on the data interpretation. With content analysis the context will not be lost (Krippendorff, 2004) and the data of the present research remains valuable for interpretation. The process details of content analysis will be explained in the next chapter as it is an analysis method.

#### **6. Ethical considerations**

The current section discusses the ethical considerations related to the present research. These considerations are based on the “Research Ethics: A Handbook of Principles and Procedures” offered by the University of Gloucestershire and approved by the University Research Degrees Committee in September 2008.

##### **6.1 Informed Consent**

Human Participants (observation speakers and interviewees) were asked to participate in the present research and participation was a matter of free will. Subjects were fully informed about the background of the research and that their data would be analysed.

Before observation was started, the observation participants were asked if the data could be recorded and used for research purpose. Only with the agreement of all speakers was the observation undertaken. In addition to that, all entrances and rooms of the financial fair consisted of clear notifications that stated: "The following discussion is recorded for research and training purposes. People who elect not to participate have the right not to enter." This follows the guidance that in public places non-participant observations are legitimate and clear notification should be provided to the public (ESOMAR, 2009). Further, the interviewees were asked for their consent to be recorded, too.

The names of the observation and interview participants as well as their employers was made anonymous. Observation speakers and interviewees have been informed about the possibility to refuse participation at any time. Additionally, the transcripts were sent to the panel members and interview participants via e-mail for approval and they had the possibility to withdraw statements.

All participants are adults. The people are neither disabled nor sick people whose understanding is impaired in some way that they are unable to give full informed consent. The researcher has no relationship with any of the interviews or observed participants.

#### **6.2 Confidentiality and anonymity**

As stated, the names of the observation and interview participants as well as their employers were made anonymous. The raw data gathered by the interviews and observations were stored in an encrypted file on the laptop of the researcher. The raw data consisted of audio recording files from the non-participant observations and interviews. Only the researcher himself was able to open the encrypted file with a password. This procedure ensures that the raw-data are kept secret and are not accessible to other persons. The information from the interview brochure (e.g. company name, participant name), the notes made during the interviews and the observations, the information about the observation tasks and the reflective notes made after the observations consisted only of anonymous data from the beginning (e.g. "S1" was used instead of the real name of speaker one). After the transcripts have been made and the anonymized tables of the observation speakers and interview participants were created (Table 7 and Table 9) the encrypted file with the raw data was securely deleted with a professional program that prevents data recovery of the deleted file. Consequently, the data analysis procedure consisted only of anonymized data.

#### **7. Reliability and validity**

Patton (2002) stated that validity and reliability are factors which any qualitative researcher should be concerned with while designing a study, analysing the results and evaluating the quality of the study (Patton, 2002). Although reliability and validity are distinguishable they are related to each other because validity presumes reliability. If a measure is not reliable it cannot be valid (Bryman & Bell, 2007). Golafshani (2003) defined reliability and validity in qualitative paradigms as conceptualizations of trustworthiness, rigor and quality (Golafshani, 2003) but qualitative researchers still use the terms reliability and validity in very similar ways to quantitative researchers to develop criteria for assessing research (Bryman & Bell, 2007). The author applied several procedures to ensure reliability and validity and those are explained in the following abstract.

#### **7.1 Validity**

Validity describes to what extent findings from research accurately represent what is really happening in the situation. Faulty research procedures, poor samples or misleading measurements undermine the validity (Collis & Hussey, 2003). It is necessary to distinguish between validity in quantitative and validity in qualitative research. Quantitative researchers are concerned with specific inferences made from test scores on psychometric instruments and the internal and external validity of experimental designs. Qualitative researchers use a lens not based on scores or instruments but a lens established using the views of people that are involved or have read and/or reviewed a study (Creswell & Miller, 2000). This accords with the statement by Silverman (2009) who mentioned that validity is another word for truth and that sometimes one doubts the validity of an explanation because the researcher of a study has made no attempt to locate an example in a broader context (Silverman, 2009). Qualitative inquirers need to demonstrate that the study under investigation is credible to gain validity (Creswell & Miller, 2000; Golafshani, 2003; Porter, 2007). In terms of the present research process validity was achieved due to the type of case study applied. As stated, a holistic case study was used which consists of data gained by participants with different viewpoints that are involved in the study. Another lens is the lens of the researcher as he determines how long to remain in the field and to achieve data saturation to establish categories and data interpretation (Creswell & Miller, 2000). Further, a case study is an “empirical inquiry that investigates a contemporary

phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used” (Yin, 1984, p. 23). The case study focuses on understanding the dynamic present within a single setting (Creswell, 1994; Eisenhardt, 1989). It allows the simultaneous investigation of parts of a phenomenon and respective fit within wider contexts (Madureira, 2010).

As mentioned in subsection five, the present thesis used between-method triangulation which was achieved by undertaking non-participant observations and semi-structured interviews to gather primary data. Between-method triangulation is used by qualitative researchers to "check and establish validity in their studies by analyzing a research question from multiple perspectives" (Guion, Diehl, & McDonald, 2012, p. 1). The results of the different methods were compared and as the conclusion from each of the methods were similar; validity was enhanced (Guion, Diehl, & McDonald, 2012).

In addition to that, for any activity of the present research the researcher personally guarantees that there are no reasons to doubt the trustworthiness.

#### *Face validity*

The most common way to assess validity is “face validity” that involves ensuring that measures used by the research measure what they are supposed to measure (Bryman & Bell, 2007; Collis & Hussey, 2003). This form of validity is the very minimum that should be established. Face validity can be created by asking people with experience or expertise in the required field to act as judges to determine whether or not the measure seems to reflect the concept concerned (Bryman & Bell, 2007).

Therefore, to achieve face validity, the author asked a managing director of an asset management company, academic with a master’s degree in business administration and lecturer to determine whether or not the measure seems to reflect the concept concerned as he has the required professional and academic experience and expertise. This person confirmed the validity of the interview guide and, hence, face validity was established.

#### *Generalizability*

To establish external validity of a theory by testing it on data is very difficult because there will always be new or future data sets upon which the theory has not been tested

yet. Another possibility to gain external validity is through categorization which means when the categories of circumstances are mutually exclusive and collectively exhaustive (Carlile & Clayton, 2006). As the research captured the interactions and characteristics of the phenomena it may be possible to generalise from a very few cases, or even a single case (Nohman, 1970). The present research includes data from different perspectives that influence and form private banking perception and the influence of acquisition (the phenomena). The research captured the interactions and characteristics of the phenomena and generalizability may be achieved. It must be stated that it is not the objective of the present research to transfer the gained outcomes to any other business sector (like food industry) or to differentiate circumstances (retail banking) or to other countries. This is due to the fact as the study includes only participants from German speaking countries (Germany, western part of Switzerland and Luxembourg) and affected by the private banking sector. Further, as a qualitative researcher the present researcher seeks illumination, understanding, and extrapolation to similar situations (Hoepfl, 1997).

#### **7.2 Reliability**

Reliability deals with the credibility of the findings of the research. If anyone can repeat the research and obtains the same results, a research is reliable. This means in terms of qualitative studies that similar observations and interpretations can be made on different occasions and/or by different observers (Collis & Hussey, 2003).

As described by Bryman and Bell (2007) a case study is a vehicle in which several qualitative methods can be combined and by doing so it avoids over-reliance on a single approach. By using observations and semi-structured interviews the reliance on a single method is reduced. In addition to that, an observation task and interview guide was used which “make sure essentially the same information is obtained from a number of people by covering the same material” (Patton, 1987, p. 111).

Content analysis was used for analysis which has rules that are clearly specified in advance for the assignment of the raw material to categories. This results in transparency in the procedures for assigning the raw material to categories and the researchers biases intrudes as little as possible in the process which gives this method objectivity. The approach is systematic as the application of rules is done in a consistent



### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

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manner. This means that anyone could employ the rules and come up with the same results (Bryman & Bell, 2007). This analysis process makes the measurement of interviews and observations highly acceptable in terms of reliability and validity because the procedure for carrying out content analysis is very clear (Collis & Hussey, 2003).

## **8. Summary**

### **8.1 Systematic approach**

The gant chart (Figure 30) displays the procedure to achieve the research aims and objectives and to achieve the doctorate in business administration. The first part consists of successful achievement of the last modules from the taught stage and the RD1 (research and development one).

Afterwards, the researcher started the data gathering process with observations. Transcripts of the observations were made. From the data gained by observation and from the systematic literature review topics were created for the semi-structured interviews. The interviews were done from the September until the end of October. Interviews were recorded on tape and notes about the body language and gesture of the interviewees were made. In addition to that, transcripts of the interviews were made.

In November no work was done as the researcher was on vacation. In December 2011 and January 2012 the findings from observations and interviews were analysed by using content analysis and discussion. The discussion of the dissertation was made by comparing the gathered data with the existing literature. In February 2012 the dissertation was written up. At the beginning of March to the end of June corrections and formatting on the dissertation were made. A break of one month for vacation after this period is planned to get a small distance to the dissertation and return fresh to work. By the end of October the work was completed and was handed in.

#### *Risk evaluation*

There was a medium risk that the interviews would need more time to be finished as some participants might be on vacation during the summer period. In addition to that, it could not be guaranteed how many interviewees could be found by using the snowball research technique. Nevertheless, sufficient participants were found to reach data saturation.

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

Stage	Description/Content	2011												2012											
		J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Taught stage	Systematic literature review, construct empirical research strategy and methodology (started from 1.11.2010)																								
RD1	Hand-in R&D1																								
Case Study – Gather primary data	Observation (Finance fair)																								
	Construct questions by using literature review and observation																								
	Interview Asset management advisor private banking (assistant vice president)																								
	Interview COO and reliable partner of a private banking provider																								
	Interview Director and relationship manager of an asset management																								
	Interview Client																								
	Interview Branch manager of an asset management company																								
	Interview CEO and reliable partner of an asset management company; private banking and financial market expert																								
	Interview Client																								
	Interview Assistant for relationship managers (Assistant Vice																								
	Interview Client																								

### III. EMPIRICAL RESEARCH STRATEGY AND METHODOLOGY

Stage	Description/Content	2011												2012											
		J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
	Interview Relationship manager of a private bank																								
	Interview Client																								
	Interview Lawyer of a private bank																								
	Interview Director and relationship manager of a private bank																								
	Interview Client																								
Recording	Make transcripts of the interviews (additional resources will be allocated if needed)																								
Free-time	Vacation																								
Analysis	Content Analysis of the gathered data (observation and interviews)																								
Discussion	Discussion of the gathered outcomes																								
Writing up	Writing up dissertation																								
Correction	Corrections, editing and formatting																								
Free-time	Vacation																								
Final	Hand-in																								

Figure 30: Research design (Gant Chart; own creation)

#### **8.2 Limitation**

The present dissertation concerns the determinants of private banking consumer perception. This consists of clients with liquid assets of more than 100,000 CHF. Clients with fewer assets are not private banking clients, might have different perceptions and therefore were not included in the present research. The segmentation of wealth is not an adequate method to address the issue of individual needs. Clients with a similar wealth level might have different needs and the level of wealth should only be used as an initial indication for access to private banking services (Maude, 2010). As mentioned during the systematic literature review Molyneux and Omarini (2005) suggested that the criteria of segmentation should be based on a combination of source of wealth, needs and sophistication, inherent advantages of lifestyle services, price sensitivity and customer value. This segmentation approach is quite difficult as a lot of customer information is required to achieve this segmentation. Because of banking secrecy and discretion this segmentation approach could not be applied to the present thesis.

Furthermore, the research was undertaken in German-speaking countries, which are low context cultures. Whether the research can be transferred to high context cultures (e.g. China, Arab countries) must be explored by further research and is not part of the present study.

As stated earlier in this chapter in section “7.1 Validity” it is not the objective of the present research to transfer the gained outcomes to any other business sector (like food industry) or to different circumstances (retail banking) or to other countries. The study only includes participants from German speaking countries (Germany, western part of Switzerland and Luxembourg) and affected by the private banking sector. As already mentioned, as a qualitative researcher the present researcher seeks illumination, understanding, and extrapolation to similar situations (Hoepfl, 1997).

#### **IV. ANALYSIS AND DISCUSSION**

##### **1. Introduction**

The first part of this chapter consists of a short description of the analysis process undertaken in the present study. Then, the theory building process is explained. In the present thesis it was not possible for the author to disentangle the results and the analysis. This is often the case for research based on qualitative primary data collection (Collis & Hussey, 2003). Therefore, this chapter consists of the results and their analysis as well as a discussion.

The author is aware of the fact that it is important to distinguish between existing literature and new data derived from primary data. Primary data citations are referenced and indented. Further, an examination of findings that failed to support the research objectives is stated and implications of the study for current theory are made. Limitations of the study that affect the validity or generalisation of the results are mentioned and implication of the study for professional practice is examined.

### **2. Analysis Process - Content Analysis**

As already mentioned in earlier chapters, the investigator used content analysis as an analytic procedure. It is “a method of collecting data where text is systematically converted to numerical variables for quantitative data analysis” (Collis & Hussey, 2003, p. 345). This technique “allows the researcher to process data texts that are significant, meaningful, informative, and even representational to others” (Krippendorff, 2004, p. 41). It has to be mentioned that content analysis is not defined as a research method (Bryman & Bell, 2007) and it has not been explained in the earlier chapter “Empirical research strategy and Methodology”.

At least three steps are required for content analysis. First, the material is classified into coding units which are constructed by the researcher. The researcher must make a rational decision for extracting samples of the gathered research data. Only when the data is less substantial, might it be possible to analyse all of it. Then, the coding units, which could be special words or characters found in the material, must be defined. In the last step, a coding frame is constructed which lists the coding units vertically that permits the analysis of each communication to be added on the horizontal axis. The analysis can be conducted on frequency or placing of the items or words (Mostyn, 1985).

In the present research, the semi structured interview will produce a large amount of rich data because although a guideline of questions will be used, the interviewee will answer freely. This makes content analysis very useful for the present dissertation: content analysis is a very useful method when faced with a mass of open-ended material to make sense of (Mostyn, 1985). Bryman and Bell (2007) mentioned that content analysis has rules that are clearly specified in advance for the assignment of the raw material to categories. Hence, there is transparency in the procedures when assigning the raw material to categories and the researchers biases intrude in the process as little as possible which gives this method objectivity. Further, they mentioned that the approach is systematic as the application of rules is done in a consistent manner and, hence, bias is minimal. In the end, anyone could employ the rules and come up with similar results (Bryman & Bell, 2007). This process of analysis makes the measurement of interviews and observations faster and is highly acceptable in terms of reliability and validity because the procedure for carrying out content analysis is clear (Collis &



#### IV. ANALYSIS AND DISCUSSION

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Hussey, 2003). Consequently, it allows other researchers to repeat the analysis procedure, if necessary. Originally, content analysis was based in quantitative research strategy and it has the aim to produce quantitative accounts of raw material in terms of categories specified by the rules. By using content analysis for qualitative data the analysis method adds to the systematic and objective application of neutral rules to quantify content in terms of predetermined categories (Bryman & Bell, 2007). Further, content analysis is context sensitive (Krippendorff, 2004). This is very important for the present research as the researcher will collect qualitative data. As previously mentioned, qualitative data is subjective and relies on interpretation of the researcher (Klenke, 2008). The context is very important and has a big influence on data interpretation. Thus, with this analytic method the context is not lost and the data of the present research remains for interpretation. Holsti (1969) said that content analysis is concerned with uncovering specified characteristics and Bryman and Bell (2007) stated that this opens the door to conducting an analysis in terms of “latent content”. Latent content means being able to interpret meanings that lie beneath the surface (Bryman & Bell, 2007). This attribute of content analysis fits to the philosophical standpoint, critical realism, used in the present research. Critical realists have the desire to get beneath the surface and to understand and explain why things are as they are and to construct hypotheses about structures and mechanisms that shape observable events (Bhaskar, 2012; Mingers, 2004).

There are different programs available on the market which can be used for content analysis. The most popular tools are probably Nvivo and Maxqda. The researcher has chosen to use Maxqda as it supports the interrelationship among the data and code better than NVivo and, further, fits better to the needs of theory building (Saillard, 2011).

Although Mostyn (1985) mentioned only three steps that are required to undertake content analysis the author used an eight step procedure developed by Zahng and Wildemuth (2009) (Section 2.1 to 2.8) as their procedure is more up to date and detailed. The later argument allows the researcher to achieve a higher reliability of the content analysis process undertaken. The figure below displays the eight steps by Zahng and Wildemuth (2009).

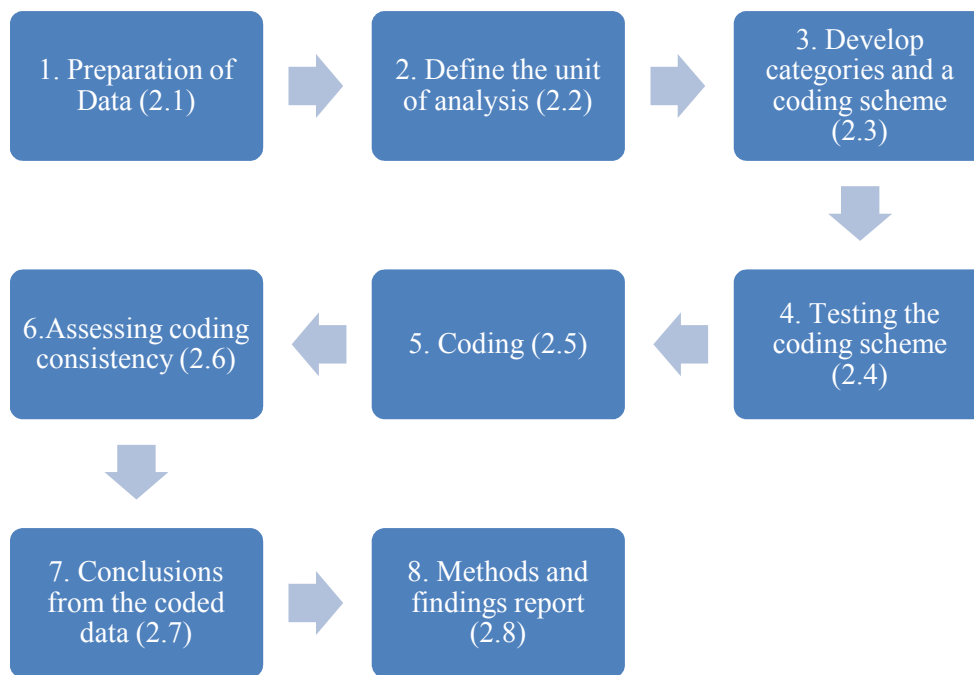


Figure 31: Content analysis steps developed by Zahng and Wildemuth (2009)

**2.1 Preparation of the data**

In the first step, the author has prepared the data. The researcher has decided that all questions of the interviewer as well as all observations made during the interviews have to be transcribed.

**2.2 Define the unit of analysis**

The unit of analysis is the basic unit of text to be classified during content analysis. In qualitative content analysis individual themes are used for the unit of analysis. Themes are expressed in words, phrases, sentences or paragraphs or documents. The researcher assigned a code to a text chunk of any size that represents a single theme or issue relevant to the research question (Zhang & Wildemuth, 2009).

The observation tasks could be divided into two text chunks. The first one deals with the issue of consumer perception determinants and the second one with the reason for an acquisition. Both text chunks dealt with a research question (please refer to Figure 32).

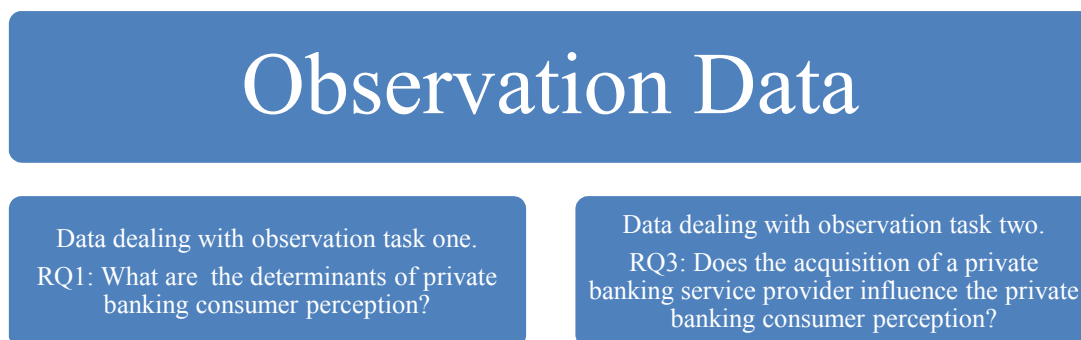


Figure 32: Define the Unit of Analysis of Observation Data

Each semi-structured interview transcript was divided into three text chunks; the first part was for interview questions 1.X, the second for the questions 2.X and the third for the questions 3.X. As stated and explained earlier, each semi-structured interview question section is used to cover a research question (please refer to Figure 33).

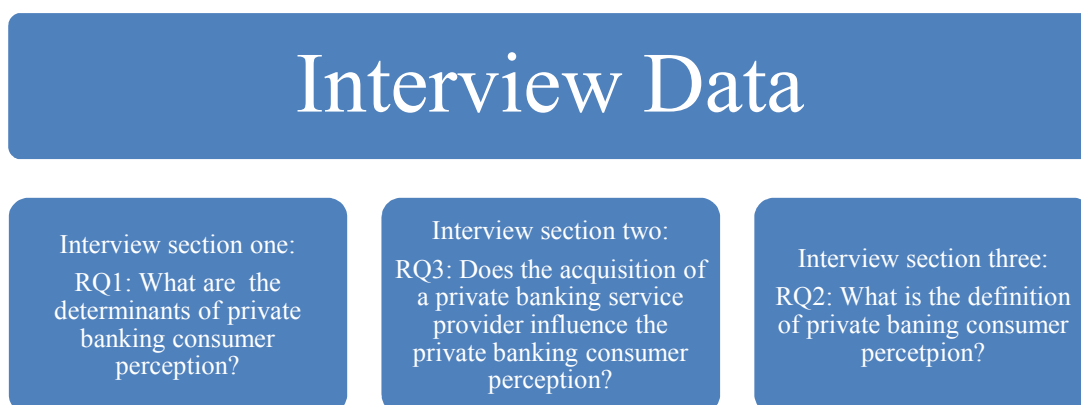


Figure 33: Define the Unit of Analysis of Interview Data

### 2.3 Develop categories and a coding scheme

The author used inductive content analysis which is appropriate for studies that intend to develop theory (Burney, 2008; Trochim, 2006). In addition it has to be stated that by using qualitative content analysis deductive reasoning does not need to be excluded (Patton, 2002). Generated concepts from theory or previously developed studies are useful for qualitative research as well. This is particularly the case at the inception of data analysis (Berg, 2001). As the study is based on a preliminary model an initial list of coding categories was developed from the model and this model was modified within the course of analysis as new categories emerged inductively (Miles & Huberman, 1994 cited by Zahng & Wildemuth, 2009). During data analysis the researcher immerses himself in the data and allows themes to emerge from the data (Zhang & Wildemuth, 2009). In empirical sociological research a code is a contextual category that is used as

#### IV. ANALYSIS AND DISCUSSION

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an analytical tool for the systematic analysis of data (Sozialforschung, 2011). As mentioned in earlier chapters, this conceptualized model (displayed and explained on pp. 82) was constructed from the systematic literature review findings and is based on a model of perceived service quality determinants by Parasuraman et al. (1985) which was used as a theoretical working model. The initial list of coding categories for the private banking consumer perception determinants was as followed:

1. Access (ease and “location” of contact)
2. Communication (keeping customers informed)
3. Competence (possession of the required skills and knowledge to perform the service)
4. Courtesy (politeness, friendliness and respect, appearance of staff and facilities)
5. Credibility (image and reputation; trustworthiness and discretion)
6. Emotional values (exclusivity; personal touches (incl. verbal); friendship);
7. Price (pricing, price sensitivity, fees)
8. Relationship (Loyalty/retention, client relationship to the bank)
9. Reliability (firm performs the service right the first time)
10. Responsiveness (willingness or readiness of employees to provide service)
11. Security (freedom of risk, danger)
12. Winner/Killer Elements (important service for customers that must available/a service that is nice to have)
13. Understanding Knowing the Customer (Understand the needs of the customer)

A coding manual was developed which was used to ensure the consistency of coding. This manual consisted of category names and definitions for assigning codes (Zhang & Wildemuth, 2009). Sometimes it was necessary to assign a unit of text to more than one category simultaneously but this is an accepted procedure for qualitative content analysis (Tesch, 1990). Zhang and Wildemuth (2009) mentioned the constant comparative method for the categorization process in qualitative content analysis. This method consists of two steps:

1. Comparing each text assigned to a category with the text already assigned to the category to understand and define the property of the category.

2. Integrating categories and their properties through developing interpretive memos (Glaser & Strauss, 1967).

The constant comparative method can be "undertaken deductively (e.g., codes are identified prior to analysis and then looked for in the data), inductively (e.g., codes emerge from the data), or abductively (i.e., codes emerge iteratively)" (Leech & Onwuegbuzie, 2007, p. 565). The author used the constant comparative method by aligning the text parts to the initial list of codes/categories, defining the property of the category and integrating categories through developing interpretive memos. As already mentioned, new categories emerged by identifying new topics and themes from the primary data. If a theme or topic did not fit to an existing category, a new category needed to be created (Vickers & Offredy, 2010). Please note that the categorisation is an iterative process. The following figure displays the steps to develop the categories and coding scheme.

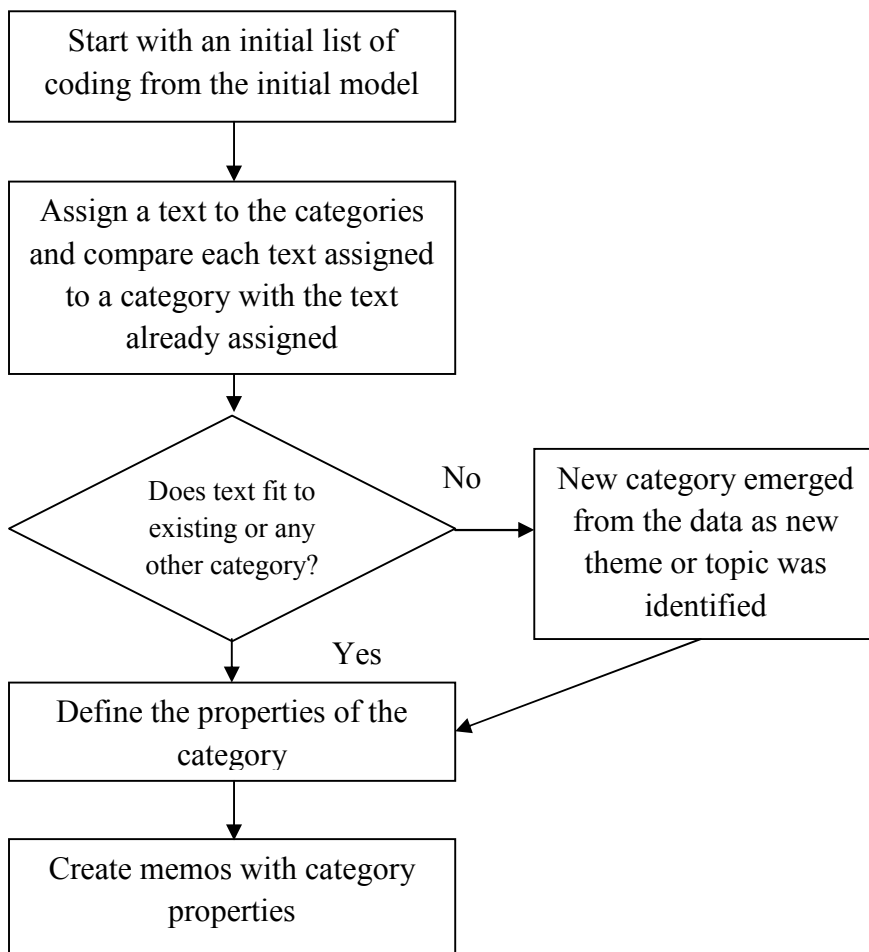


Figure 34: Procedure for developing the categories and the coding scheme (own creation)

To improve the clarity of the process an example of the categorisation process applied to a transcribed text is placed in Appendix 6.

### 2.4 Testing the coding scheme

To test the consistency of the category definitions the first interview transcript was used as a sample text part. The coding was applied to that text part and checked. This procedure was repeated until a coding consistency was achieved.

### 2.5 Coding of the whole text

The code was applied to all transcripts and texts gathered during the primary data gathering procedure. The coding was checked repeatedly to insure consistency and the quality of the coding procedure. As new data was gathered new categories emerged and were added to the coding manual. This will be further analysed and discussed in section four of this chapter.

### **2.6 Assessing coding consistency**

As human coders are likely to make mistakes during the coding process (Zhang & Wildemuth, 2009), it was necessary to recheck the consistency of the coding. This was done although a computer program was used to assist the coding which reduced the likelihood of mistakes. Further, the coding consistency check is an iterative process and it was done until sufficient coding consistency was achieved (Weber, 1990). After a new code was added or a new document was coded the coding consistency was rechecked until coding consistency was achieved.

### **2.7 Conclusions from the coded data**

This step consists of making sense of the categories identified by present and reconstructing meaning derived from primary data. Dimensions of categories were explored, relationship between categories identified, uncovering patterns and testing the categories against the full data. This step consists of identifying sub-determinant (a determinant that is part of another determinant) and of explaining their relationship to the determinant accordingly. By examining the relationship between categories it was discovered that certain categories were subsumable under others, while some needed to be sub-divided even further. The researcher sifted his way through the "miscellaneous" envelope and realized that some of the data now seemed to fit into some of the previously established categories. As part of this process and by focusing on the refinements, it was discovered that the rule of inclusion needed to be modified as some of the data bits did not fit a category's rule of inclusion and the rule was reviewed and modified. This iterative process refined and developed the categories and the data matching. The researcher scrutinized all data to ascertain its fit with the assigned category's rule of inclusion (Dye, Schatz, Rosenberg, & Coleman, 2000).

### **2.8 Methods and findings report**

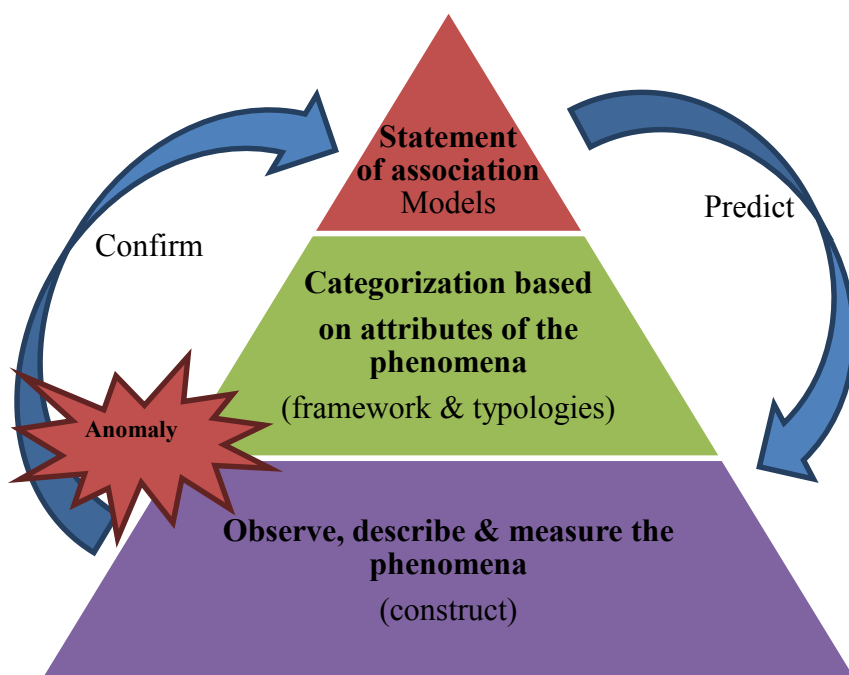
Decisions and practices concerning the coding process and methods used to establish the trustworthiness of the study were reported. In addition to the used quotations to justify conclusions in content analysis other options (matrices, charts, etc.) were used to support the conclusions. This was done in section four of this chapter.

**3. Theory building procedure**

The present part of the chapter is dealing with the theory building process. Carlile and Clayton (2006) described a cycle in theory building as a process that consists of two major stages, the descriptive stage and the normative stage. Each of these stages consists of three steps.

**3.1 Descriptive stage of theory building**

The descriptive stage is a preliminary stage and researchers must pass through it to develop a normative theory (Carlile & Clayton, 2006). Figure 35 portrays and describes



the three descriptive theory building steps *observation, categorization and association.*

Observation is used to describe and measure what was discovered and is shown as the base of the pyramid. The next step of the pyramid, categorization,

consists of

Figure 35: Stages of descriptive theory building (based on (Hevner & Chatterjee, 2010) )

classifying the phenomena into categories. It could be contended that the researcher has already chosen the categories as an initial list of coding categories was generated from the conceptualized model of private banking consumer perception. Although an initial list of coding categories was generated from the model, the categories were modified and new categories emerged inductively during the content analysis procedure (Miles & Huberman, 1994 cited by Zahng & Wildemuth, 2009). As already mentioned, during the data analysis the researcher immerses himself in the data and allows themes to emerge from the data (Zhang & Wildemuth, 2009). Those categories are defined by attributes of the phenomena. The top of the pyramid consists of exploring the relationship between category-defining attributes and the observed outcomes. Often the



outcomes of studies refer to models (Hevner & Chatterjee, 2010). “Descriptive theory quantifies the degree of correlation between the category-defining attributes of the phenomena and the outcomes of interest are generally able to make probabilistic statements of association representing average tendencies” (Carlile & Clayton, 2006, p. 3).

### **3.2 Anomalies in descriptive theory**

Moving from the bottom to the top of the pyramid is an inductive process. To improve theory the three steps could be completed backwards, too, this means to run a deductive process (Carlile & Clayton, 2006). If an anomaly is found during the testing of the theory it will be used as an opportunity to improve the theory. The researcher needs to look for new categories and/or attributes that explain the discovered anomaly (Hevner & Chatterjee, 2010) and, finally, result in an improved theory.

### **3.3 Transition to normative theory**

Confusions and contradictions in descriptive theory become resolved when researchers move beyond the statements of correlation through empirical observation and define what causes the outcome of interest. Researchers leap across to the top of the pyramid of normative theory. The understanding of causality allows researchers to improve theory by following the same steps as used in the descriptive stage. By hypothesizing that the statement of causality is correct the researcher cycles deductively to the bottom of the pyramid to test the statement. When an anomaly is explored the researcher moves to the categorization stage by categorizing the different situations or circumstances in which managers find themselves and tries to find the reason why the output was not as expected. Researchers move up and down the pyramid of normative theory and define the situations or circumstance in which managers find them. As soon as the theory gives unequivocal guidance about the actions required to lead to the desired result, a theory completes the transition from descriptive to normative theory. A normative theory can help a manager to predict accurately what actions will lead to a desired result and enables managers to know what they ought to do. (Carlile & Clayton, 2006).

### **3.4 Theory building and the implication of the present research**

The mentioned theory building process is necessary to achieve research objective four.

RO4: The creation and validation of a model of private banking consumer perception by empirical research

The data was gathered by non-participant observations and semi-structured interviews (equates to observation in the theory building process) and transcripts were made. During the contents analysis the data was categorized (equates to categorization in the theory building process) and the relationship between category-defining attributes and the observed outcomes were explored (equates to association in the theory building process).

### **4. Analysis and discussion of primary data**

In the present part of the chapter the researcher analyses and discusses the primary data gathered during observations at the finance fair and through semi-structured interviews. The data gained by observations is displayed as S<sub>x</sub> for speaker, whereby “x” is the number of the speaker. Data which was gathered by interviews is visible with P<sub>x</sub> which stands for participant, whereby the “x” is the number of the participant. In addition to that, the primary data is compared to the secondary data gathered during the systematic literature review. Agreements and disagreements between secondary and primary data are analysed and discussed.

#### **4.1 Determinants of private banking consumer perception**

The first observation task as well as the first section of the semi-structured interview guide was used to gather private banking consumer perception determinants. The determinants were analysed and discussed in alphabetical order and were required to answer the first research question:

RQ1: “What are the determinants of private banking consumer perception?”

Further, as already mentioned in the last chapter, the first observation task and the first section of the semi-structured interview guide dealt with the research objectives one and four:

RO1: “Gather and validate determinants of private banking consumer perception by empirical research”

RO4: “The creation and validation of a model of private banking consumer perception by empirical research”

Relationships between the different determinants (categories) are identified, analysed and discussed as they are required to create and validate the model (Hevner & Chatterjee, 2010) of private banking consumer perception. This was achieved by grouping the determinants because some determinants are part or subcategories of other determinants. In addition to that, other aspects that influence the perception process, like word of mouth or needs were identified, analysed and discussed. These steps are

#### IV. ANALYSIS AND DISCUSSION

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required for research objective four, the creation and validation of a model of private banking consumer perception by empirical research.

##### **Access**

The determinant "access" was already discovered during the systematic literature review and confirmed during the observations and from interview participants. At the end of every observation, banking staff offered the possibility to get in contact with them through personal discussions.

"Me and my colleagues are happy to answer any of your questions and are now available for you. Apart from that you can call me" (S6, a Proxy Holder of a private bank). The researcher observed that a client next to him stated "that is good" and directly used this possibility to increase its understanding in the product. (Noted during observation two by the researcher)

Further, it was declared that a good trader/relationship manager is recognizable as he comes and visits the client.

"You do not need to go to him, because he will say, I protect my clients with health and body and life. My clients can call me and I will deliver it to their home." (S14, Chief Executive Officer of an asset management company)

"You just need to call the bank and then one of the relationship managers comes to us [...], if we have a problem." (P7, client)

Often, relationship managers offer a continuous service by providing the mobile number to the clients and they make sure a proper backup person is available to provide best access possibilities. This procedure is used to gain the trust of the client (trust is included in the determinant credibility). Therefore, the determinant access is part of the determinant credibility. Further, the backup person is required to avoid missed opportunities in terms of supporting and consulting the clients.

"My clients have my private mobile number, too and, hence, the possibility to call me privately. [...] This is a trust procedure as clients know they can call me

#### IV. ANALYSIS AND DISCUSSION

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any time. [...] there is a backup person. It is helpful, if the client knows the backup.” (P1, Asset Management Advisor Private Banking (assistant vice president))

“If I am on vacation or in a meeting or on a business trip there is person X who knows the client and can answer the questions. [...] I think it is important that you have a good backup person. The train may not stop if the manager is off.” [...] “I offer my clients my private mobile number from Switzerland. I give them [...] anything. [...] It gives them security when they know there is someone available, not only during the office hours. In case of an emergency they can call me on my mobile.” (P13, Director and relationship manager of a private bank)

“I do not need too much assistance. I do not need 24 hours assistance. I think this is too much. I do not need the mobile number and if he [relationship manager] is on vacation I will talk to somebody else.” (P11, client)

Although not all clients confirmed the need for 24/7 service they expect that relationship managers are available during working hours. The access of a relationship manager is very important, especially in difficult market situations. The client needs a person at such times to whom they can talk about the portfolio's losses as it was highlighted that clients need somebody who goes with them through the hard times.

Participant four stated about the accessibility of the relationship manager during bear markets: “Yes, he calls me, mentions some hints and if I need I react, but he calls me.” (P4, client)

“It is important for clients as they need a person to whom they can talk to anytime. [...] It happens from time to time that we get a call at nine or ten in the evening. This is seldom as they have a sense of time. But it happens from time to time if they feel unsure and the markets crash they are happy to talk to someone. [...] It is appealing for them if they have someone they can talk to about the markets and who delivers them a little bit of security. [...] This gives them the feeling that someone is available who goes WITH them through the hard times.” (P8, Assistant for relationship managers (assistant vice president))

The primary data findings go hand in hand with existing literature. Akerlund (2005) mentioned that the professional service is characterized by creating an intense relationship with the same service provider in frequent one-to-one meetings (Akerlund, 2005) which requires good access to the relationship manager. Bhalakrishnan (n. d.) researched that personal access is the most important factor of banking consumer perception (Bhalakrishnan, n. d.). Apart from that, none of the literature sources stated the importance of access during difficult market situations and the need of the clients to have a relationship manager that goes with them through the difficult market situations.

#### **Communication**

The determinant "communication" was already identified during the systematic literature review and could be confirmed during the observations and interview participants. Directly from the beginning of the primary research it was discovered that the client and relationship manager/bank communicate on different levels which leads to conflicts.

“When a relationship manager explains to his client that a fund gained an average of 8% profit in the last 20 years, fluctuates on and off at minus 20% but on average 8% profit, the client will say ‘Yes, I want to have the 8%’. When the relationship manager says to the client to get an average of 8% profit you must be willing to take a risk of 20% minus per year. Or by asking are your able to take a hit of 20% on € 100,000 without mentioning the 8%, the thinking will be different. [...] There is an interaction between the decision-making ability of the clients and the way of clarification between relationship manager and client which must be established by the relationship manager”. (S4, head of asset management of an asset management company)

The different type of communication lead to miss-understanding between relationship managers and clients which, in turn leads to wrong expectations from the clients. These findings are similar to literature findings. It was investigated that relationship managers do not ask the right questions to gather important information about banking services (Piske, 2009) and that they might not understand clients’ expectations.

#### IV. ANALYSIS AND DISCUSSION

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“This means it is a question how to state the question? How do I talk with people? If I state questions in a way that the clients must make an active decision to include the risk it will be different from questions stated in a way that clients have to make an active decision to avoid the risk. This means irrationality exists, for relationship managers as well as for clients. Relationship managers and clients should be aware of this.” (S1, senior consultant)

Hence, the answer of the client depends on how the relationship manager has stated the question. Therefore, the relationship manager can influence the expectations and decisions of the clients with the style of the question. Of importance is the fact that explanations given by the relationship managers are understood by the client. This includes regulations made by lawmakers and lawyers as well.

“Concerning law policies, the relationship manager does not need to be a law school graduate but he must be able to explain in an understandable manner the key points. [...] The client must understand why he must fill out certain forms.” (P12, lawyer of a private bank)

Apart from that, relationship managers need to be honest with their clients in terms for chances and risk of the investments.

“Relationship managers should explain respectfully and honestly the chances and as well as risks of capital investments.” (S5, member of the executive board of an acquired asset management company)

Further, high significance was given to pro-active communication of the client in difficult market periods. It is not enough for clients that their relationship manager is easily accessible. It is required that customers are informed proactively as this creates trust (determinant credibility) and strengthens the relationship.

“In bad market times we agreed to inform the customers more often than in good market periods. [...] This leads in the first stage to trust and clients know if there is something wrong and action is required, he will inform me.” (P1, Asset management advisor private banking (assistant vice president))

“Think about 2000 to 2003 as most of the assets made losses. Did your banker call you? Reply to this question yourself. Did he suggest a change to reduce losses? If he did not call you, then it's because he gets paid a fixed salary and he does not want to have a stressful discussion.” (S14, chief executive officer of an asset management company)

It is fatal for a relationship manager not to contact their clients during difficult market situations as it results in customer dissatisfaction.

“A short call about the Apple stock that is going upwards and do you want to invest and to get informed three days later that the stock has gained its peak, sell it or we do this for you. Nothing! Nothing! Additionally, I never got a warning about a downfall of a stock. [...] ZERO counselling service!” (P9, client)

Companies should train their staff for such conditions as techniques might help to improve the situation and after the market difficulties a win-win situation, for client and for relationship manager might result. Some relationship managers use a structured approach to contact their clients (e.g. calling nervous clients first). The relationship to the client is strengthened as staff are able to handle stressful market situations and the client is satisfied. Furthermore, clients do not expect predictions about market changes from their relationship managers but honest understandable explanations.

“It is important to step up to the clients; at least to make a priority list to proceed systematically. It is probably not possible to contact all clients in one day. This list should not necessarily depend on the managed assets but on acuteness. This must be evaluated as someone with few assets might lose one's temper earlier or might be more afraid than someone with large assets who can be called one day later. It depends on how I rate the client.” (P5, branch manager of an asset management company)

“During bad market periods you recognize who is sitting in front to you. [...] It is a stress test which hopefully leads to the fact that you can say afterwards: ‘He [relationship manager] is really good’. This does not mean that he must be able



#### IV. ANALYSIS AND DISCUSSION

---

to offer the best tips; it means that he should talk correctly and describes things how they are, this includes saying I do not know what happens now or will happen. And not to have someone who is annoying you with charts. [...] He [relationship manager] must be able to explain and discuss the current state at eye level.” (P11, client)

There are different ways for communication to be done in private banking. This also includes impersonal communication via mail, SMS, phone, etc. that often allows a fast way of communication.

“I think it will expand to electronic platforms like Mail, E-Mail, SMS etc. because this way of communication is faster. The way of communication is not necessarily important but, I think who is sitting on the other end of the connection is more important.” (P2, COO and reliable partner of a private banking provider)

But in private banking the personal contact is still very important and is one of the major differences between small private banking providers and large banks providing private banking. To keep customers informed in frequent personal one-to-one meetings was stated by Akerlund (2005). Hence, both, literature and primary data findings confirm that the personal contact is very important in private banking.

“Try to find a person in a large bank branch in Düsseldorf or Aachen or large bank X and try to find an information desk with a person. This means a person, a human being that can help you somehow further or to whom you must go – you have to line up at a counter. [...] It [information desk with a person] is has been removed due to financial reasons.” (P6, CEO and reliable partner of an asset management company; private banking and financial market expert)

#### **Competence**

The determinant "competence" was identified during the systematic literature review and could be confirmed during the observations and by the interview participants. For private banking consumer perception the competence of the bank is important but the strongest focus was given to the competence of the relationship manager who needs to

#### IV. ANALYSIS AND DISCUSSION

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have broad financial knowledge. Relationship managers must be able to explain complex procedures like fees, tax and products. Further, they need to make the risks and chances transparent and to help clients to find the right decisions in terms of investments. The relationship manager was compared with a CFO that must provide his client (compared with a CEO) summarized information. This information is required by the client for the decision making process.

“He [relationship manager] must be able to manage complex procedures and to maximize the economic effort. [...] Further, the CFO must make all internal and external risks transparent and provide them to the CEO, the chairman, so he can make a decision. [...] The overall mixture is efficient decisive with the higher objective to remain liquid, today, tomorrow or old aged. Whatever happens to me or if the stock exchange collapses, that is the task. Therefore, I have written in my book a comparison between relationship manager and CFO. The client is the chairman who must make the decisions because the situation is transparent.”  
(S4, head of asset management of an asset management company)

In addition to that, relationship managers and banks must be aware of bank internal procedures and requirements to offer problem-free banking.

“You know which form you need to sign. You need to be aware of the products, not only investment products but credit cards and credits as well. [...] You need to be aware of the fees. [...] For some wealthy clients it is important to know how to structure their business. Which kind of company is useful for construction companies, how do I have to structure this to optimize taxes.” (P10, relationship manager of a private bank)

“Of course, you want to be a client at an institution where you feel well, where you know that the back office is competent and you prefer to discuss specific questions with an expert or read from an expert than with the relationship manager. The relationship manager that you have hopefully known for a long time and you know that is not his topic and he just repeated what somebody else has said. [...] As I mentioned, it is the whole bank that must be competent.”  
(P11, client)

#### IV. ANALYSIS AND DISCUSSION

---

Existing literature supports the findings in terms of competence. Bick et al. (2003) stated that clients rated problem-free, convenient and efficient banking as the most important value (Bick et al., 2003).

Clients perceive banking staff as competent if they are able to explain well. This means that relationship managers need to explain in a manner that it is understandable for clients.

“It is important the relationship managers can explain complex relationships easily. This is perceived as competence. A product, especially derivatives, must be explained in a way that clients can understand it. Then, the client perceives the employee as competent.” (P1, asset management advisor private banking (assistant vice president))

“It is about explaining complex structures easily” (P2, COO and reliable partner of a private banking provider)

“He [relationship manager] should have a good knowledge, work with understandable reasons because I am not a banker and he can discuss with technical impressions that I do not understand. I have to ask him several times but then it works.” (P7, client)

It is very important to understand and be able to explain procedures during market crises as the relationship manager should be able to produce clarity. If clients realize the relationship manager is not competent they begin to find other sources of information.

“That he [relationship manager] can explain well, informs me about market fluctuations and that he makes concession for fees. [...] As soon as I discover uncertainty then I get cautious and say stop, to ask again and if I didn't get any information from him then I would need to get it from somewhere else or from a higher position.” (P4, client)

The importance of understanding a financial crisis can be confirmed by existing literature, too. Banks need to ensure, especially during the credit crisis, to continually

#### IV. ANALYSIS AND DISCUSSION

---

review their strategies, business models and route to markets to ensure that they are responding to customer expectations (Kailash, 2011). However, it was not mentioned that relationship managers need to be able to appropriately explain the financial situation (e.g. crisis) to the clients.

To give proper explanations to the clients, the banking staff must have social skills as well. This means that relationship managers or banking staff in general must be able to discuss and explain topics to any type of person and adapt to the knowledge of these persons.

“The factual knowledge and expert knowledge is only required by 10% in such discussion. What are the other 90%? Well, the other 90% are social skills. Social skills means how can he [relationship manager/banker] respond to people that are sitting opposite of him, how good can he respond to a 70 year old retired person and in the next appointment respond to a 42 year old member of an executive board of a half-inferior company? [...] For a member of the executive board it is perhaps 70:30 [social skills compared to expert knowledge] because he can estimate and recognize that the relationship manager is able to explain the economy and estimate the capital markets. [...] I would say it is important that to respond to the person sitting opposite of me [client] and it is important to accept that somebody needs more explanation than the other. [...] The human being part of a relationship manager is important.” (P6, private banking and financial market expert; CEO of an independent asset management company)

“It is a diplomatic aptitude how it is [knowledge] transferred. [...] I think it has to do with the intuition of the relationship manager for the client. How he delivers it. Depending on the client you must decide how to sell things. [...] Of course, it is good if the client has good professional skills next to the social skills.” (P12, lawyer of a private bank)

The competence of a bank, especially of a relationship manager is a crucial point. Once the relationship manager does not meet the expectations of the client in terms of competence, it leads to a loss in trust as (defined as determinant credibility). The

#### IV. ANALYSIS AND DISCUSSION

---

relationship between the determinant credibility and competence was already mentioned during the discussion of the determinant access.

“There is a statistic that proves that banks have destroyed more client assets than any financial service provider you can find in Germany” (S14, CEO of an asset management company). As S14 stated this description some clients ironically said “great” and others shook their heads and were visibly shocked by the competence of the bankers.

At the third observation, S7, S8 and S9 presented new products. One of the products was compared to a German stock index and gained an outperformance. A client stated “it does not make sense to say that this product is an outperformer based on DAX as it consists of mid and small caps as well”. Clients might have perceived this incident as opaque communication. The researcher explored that suddenly, the atmosphere in the room changed although the speakers directly apologized for the bad comparison but the person shook his head and a lot of people left the room. Also other people began to discuss. None of the remaining clients used the possibility to ask questions after the presentation. It was obvious, that they were not convinced about the competence, way of communication and honesty about the presenters. (Reflections of the researcher after the third observation)

Banks need to ensure that their relationship managers have the competence required to advise clients in terms of investment. In addition to that, relationship managers need to have social skills as well as to explain topics to any type of person and to adapt to the knowledge of these people. If a client perceives a relationship manager as incompetent it is much more likely that he will leave the relationship manager and/or the bank.

#### **Courtesy**

The determinant "courtesy" was identified during the systematic literature review and could be confirmed during the observations and by the interview participants. The relationship managers and banking personnel were neat and perfectly dressed in a suit and tie. Facilities were clean and staff were friendly.

#### IV. ANALYSIS AND DISCUSSION

---

“During all observations banking staff were neat and perfectly dressed. Due to this, it was possible to identify them without reading their identity cards. They were smiling, polite all the time and nice which was accepted by the clients as they did not hesitate to ask questions or join discussions.” (Reflections of the researcher after the observations)

During the interviews it was unfolded that friendliness is a must and standard in private banking.

“Courtesy is the absolute minimum. I have to behave correctly and in a friendly manner. This is something that clients expect.” (P1, asset management advisor private banking (assistant vice president))

“A service provider must have the best behaviour and must communicate with his/her best manners. [...] I expect from my partners that they are courteous, cautious and competent.” (P3, director and relationship manager of an asset management company)

Roberts and Campbell (2007) discovered that smiling, eye contact and full attention leads to engaging customers and giving them the feeling that their transaction matters (Roberts & Campbell, 2007). But in case a customer does perceive the private banking service in general as unsatisfactory, courtesy does not reduce this dissatisfaction. This highlights the fact that politeness and friendliness of staff is more seen as a basic or standard by the client and clients are aware of the fact that courtesy is often pretended.

“No problem, this is pretended. Yes, seriously, it is pretended. In High German we call it ass-kissers” (P9, client)

In terms of clothes of the banking staff it was confirmed that this should be adapted to the clients' expectations and to the situation.

“Clothing, e.g. the suit is very individual. Clients, e.g. CEOs from large companies prefer that I wear jeans. Other clients prefer traditional private

#### IV. ANALYSIS AND DISCUSSION

---

banking and prefer a relationship manager in a suit. [...] It is individually”. (P1, relationship manager)

“It [clothes of banking staff] depends on the situation. We have events with American clients in a bar or on a mountain trip to the Matterhorn. No one expects a tie – it depends on the situation.” (P2, COO and reliable partner of a private banking provider)

“Concerning clothing I am a representative of the old school. Men must wear a suit with a shirt and always ties, and no short shirts and it is not allowed to leave out the tie unless the client requests it. Basically it is about courtesy, good manners, to open the doors etc.” (P5, branch manager of an asset management company)

“It does not matter for me. Also if he is doing his job well he could even wear jeans.” (P7, client)

“It depends on the type of client. Some got millionaires as they sold cows and those people are uncomplicated.” (P8, Assistant for relationship managers (assistant vice president))

To adapt the clothes to the situation is especially important for private banking cross-border businesses. Relationship managers that visit clients overseas do not want to get recognized by the police as foreign bankers.

“During the last year more and more Swiss bankers are not welcome overseas. Therefore, we visit our customers in casual wear. [...] They [clients] understand the reason because if I get identified as a relationship manager pressure will be made on the bank to release names.” (P8, assistant for relationship managers (assistant vice president))

Further, the facilities as well as the offered brochures should fit to the overall image and strategy of the bank and underline the banks appearance.

“The overall appearance must be appropriate. The rooms as well as the outfit, the brochures I receive, it needs to be decent for the overall impression and this is for me very important.” (P11, client)

#### **Credibility**

The determinant "credibility" was identified during the systematic literature review and was confirmed during the observations and by the interview participants. Trust between the bank and the client is mandatory, especially between the relationship manager and the client because the financial decisions must be made on the basis of the knowledge and declaration of the relationship manager. Therefore, trust is a very crucial point. Further, a positive image or a good brand is helpful to establish trust.

“Trust is the beginning of everything; that is essential for a relationship, crucial! [...] The relationship manager tries to place himself in the foreground. If the brand is making mistakes, [...] e.g. a trader is cracking trade barriers this image can give you headache. This means, it is always an advantage to have a good image. [...] The more a private bank creates a positive branding the more it might help in single client relationships.” (P6, CEO and reliable partner of an asset management company; private banking and financial market expert)

“Well, it [financial contracts] includes very far-ranging decisions. There are many influential factors which cannot be judged by me [as a client]. In turn, this means I must totally trust my counterpart [relationship manager].” (S2, senior consultant)

The gathered statements can be confirmed by the literature. Trust is defined by Lewicki, McAllister and Bies (1998) as an “individual’s belief in, and willingness to act on the basis of, the words, actions, and decisions of another” (Lewicki et al., 1998, p. 440). In addition to that, Cohen et al. (2006) stated that service must be delivered better than the expectations of the consumers in order to enhance satisfaction and maintain a positive image.

Further, banks should be aware of the fact that certain products are not trustable from the viewpoint of the client which must be considered during the advisory procedures.



#### IV. ANALYSIS AND DISCUSSION

---

“It was obvious that most clients could not follow the derivative product presentation as examples and definitions of the products were only given very briefly. One client asked the researcher: ‘Do you understand why somebody buys such risky products although the current crisis is due to such products? Do you have trust in such products?’ This statement made clear that trust is required in private banking in terms of products.” (Noted by the researcher during observation four)

“We have launched a new product, a so called barrier reverse convertible. I informed our clients via E-Mail. [...] A lot of people called or wrote to me and asked me if I would buy this product for my father, too. This means? Of course, he trusts me!” (P13, director and relationship manager of a private bank)

A common procedure by relationship managers to create trust is informing users pro-actively if something is going wrong. This was already shortly stated during the discussion of the determinant communication. Afterwards, clients are aware that in case something happens they will get informed by their private banking provider and a trust relationship is established.

“And trust is created by being pro-active. If you do not inform the client and he has to call you there will be no trust. [...] My clients have my private mobile number [...]. This is a trust procedure as clients know they can call me at any time.” (P1, asset management advisor private banking (assistant vice president))

“It was obvious in 2008 as the crisis started. There are different types of relationship managers. On the one hand some relationship managers did not know what to say. On the other hand some relationship managers respond to every call and tried to explain the situation which is, of course, an advantage. [...] This strengthens the friendship and trust.” (P8, assistant for relationship managers (assistant vice president))

The establishment of a personal long-term relationship between relationship manager and client consists of trust.

#### IV. ANALYSIS AND DISCUSSION

---

“I can understand and consult somebody [client] that I know personally better than somebody that I know just professionally. The trust is higher.” (P1, asset management advisor private banking (assistant vice president))

“Working with the same relationship manager for a long time results in trust. To know each other personally, this consists of trust and this means to give and to get. This means to include your own opinion to the bank statements” (P5, branch manager of an asset management company)

“A trust basis is important. This is due to the relationship manager. We fully trust her. [...] It is a bilateral trust because we know each other a long time.” (P7, client)

It is noted that those long-term relationships are very important assets of the company because it reduces the costs of acquiring new customers. As stated during the literature review, the costs of acquiring new customers are much higher those required to retain existing ones (Fraering & Minor, 2005; Lassar et al., 2000b; Ziekursch, 2010). Further, a client that has a trust relationship to a relationship manager or bank is likely to suggest this bank or relationship manager to his friend or colleague. On the one hand, trust is very important as it increases customer loyalty and, on the other hand, it is used to gain new customers due to word of mouth marketing.

“The [new] client knows us from a client who trusts us; hence, the trust already exists. We define this as the ambassador principle because the satisfied client delivers his satisfaction to the next client.” (P1, asset management advisor private banking (assistant vice president))

In addition to that, private banking lawyers are important as they ensure with their procedures that the good image/reputation of the bank persists. Bad reputation occurs due to actions of the banking staff or clients in opposition to these rules and this destroys the trust.

“Anti money laundering is used to verify every client systematically and asked for the reason and source of the money. This results in a sort of guarantee for

#### IV. ANALYSIS AND DISCUSSION

---

accurate work and intensive clarification. We do not accept unclean money from clients to avoid a damage of the bank reputation. [...] On the other side clients read newspapers and, just some days ago a money laundering case was published which is not trustworthy for the clients.” (P12, lawyer of a private bank)

“Perhaps you could follow the news for some months. The imprisonment of the large bank X banker is a very bad reputation for the bank.” (P13, director and relationship manager of a private bank)

As the relationship consists of trust which is defined in the determinant credibility, credibility is part of a relationship. Therefore, credibility will be grouped into a relationship which will be considered in the model of private banking consumer perception.

##### **Emotional/social values**

The determinant “emotional values” was identified during the systematic literature review and confirmed during the observations and by the interview participants. In addition to that, the determinant was expanded to emotional/social values as new definitions derived inductively during the content analysis. Relationship managers think that their clients are emotional in terms of their decisions rather than rational. The decisions of the clients are influenced by emotions like stress during bear markets. These emotions lead the clients to fatal decisions. In bad market phases the client sells his products instead of buying new products (which is called pro-cyclic). Clients should act a-cyclically which means to buy investments in bad market phases and sell investment during good market phases.

“A client, who made a loss of 30%, wants to sell the product. He wants to get rid of the stress. He is making the wrong decision.” (S5, member of the executive board of an acquired asset management company)

In addition to that, this emotional involvement is not only on the side of the client, it is also existent on the side of the relationship manager. The relationship manager

#### IV. ANALYSIS AND DISCUSSION

---

influences the emotional perception of the client which leads to pro-cyclic activity which further results in bad portfolio performance.

“They [relationship managers] believe that they must talk about their emotional estimation of the market situation [...] which leads to pro-cyclic activity.” (S5, member of the executive board of an acquired asset management company)

The emotions also exist during bull markets and it is in the hand of the bank to lead the client to make the right decisions.

“If we [bank] think it [the stock] is not good anymore we need five to six hours to convince the client to sell his beloved stock. Insofar there is an emotional involvement included but, in the end, it is not about the friendship to a stock but about the pure performance.” (S6, proxy holder of an acquired private bank)

Emotional and social involvements have an influence on the perception of the client in terms of relationship. It is required to strengthen the relationship to a personal level, a friendship between relationship manager and client. Relationship managers undertake private events (dinner, birthday presents) to create a friendship and create a personal relationship.

“To construct a relationship based on an emotional and social level is, in my point of view, very important and is done by us in many areas. As stated at the beginning I know all my clients privately, their families, children etc.” (P3, director and relationship manager of an asset management company)

“We know every client privately and often, we are friends. Often, I visit my clients at home. Hence, we construct a personal relationship and know the expectations of our clients.” (P1, asset management advisor private banking (assistant vice president))

“It is also something personal because two bank directors are friends of mine. Relationships are only a problem for somebody who does not have relationships” (P7, client)

“It is a friendship. After you have arrived and had half an hour or a one hour meeting the friendly part begins. You go to eat something together [...] you are invited to visit him [client] over the weekend.” (P8, assistant for relationship managers (assistant vice president))

“A lot of them are friends. They invite me if to his son's birthday party or to his son's wedding. [...] This is private banking and the people love it and want it and we offer it.” (P13, director and relationship manager of a private bank)

“I find a personal relationship very important as I have to know with whom I am dealing because I have to know how to work with him and not to rate him.” (P5, branch manager of an asset management company)

The stronger the personal, emotional part of relationship between the relationship manager and the client, the easier is it for the relationship manager to convince the client in terms of investments.

“If you know somebody very well or privately you will not have questions is this a good or bad product.” (P10, relationship manager of a private bank)

“If you know that the client has a child born outside marriage or a girlfriend you will be able to structure the assets better because the liquidity is different.” (P6, director and relationship manager of an asset management company)

In addition to that, the stronger the emotional and personal part of relationship is between relationship manager and the client, the more it is unlikely that the client changes relationship manager.

“The more personal the relationship is the more he [client] is inhibited to change the bank. The more people who conduct business the stronger the link to the relationship manager and if the relationship manager states: ‘I could not decide objectively what is right for you but for Bank X and I am working for Bank Y now’, then the client will say Bank X is my bank because my relationship

#### IV. ANALYSIS AND DISCUSSION

---

manager works at this bank now.” (P6, CEO and reliable partner of an asset management company; private banking and financial market expert)

The emotional involvement used to create emotional loyalty was mentioned during the systematic literature review, too. It was stated that emotional loyalty is much more difficult to establish but is much stronger than normal loyalty (Ziekursch, 2010). As the emotional/social skills are required to strengthen the relationship to a level of an emotional relationship or friendship, hence, the emotional/social values are a subcategory of relationship.

##### **Independence/Individuality**

The determinant “independence” emerged inductively during the analysis procedure. It consists of the degree to which individual service is tailored to the clients’ personal needs. In addition to that the independent advice is considered in this determinant, too. This means that private banking providers should not only sell their own products to their clients but chose best-in-class products.

“You should only chose best in class products and, hence, good for the clients. It does not matter from which company they are provided. A portfolio should consist of many products.” (P1, asset management advisor private banking (assistant vice president))

“If I realize that the relationship manager just wants to sell me something I am not convinced of, I will give thought to the commission he might get and I will be careful.” (P4, client)

The independent advice is very important as it influences the long-term relationship.

“It is more important to gain trust by selling a product that is requested by the client because there is the possibility that the client invests more money after a while. It is not useful for me if I try to push the sale of a product because it is nice for the bank in the first instance. This is a short term thinking of two, three years but in the long term this might go bad.” (P10, relationship manager of a private bank)

#### IV. ANALYSIS AND DISCUSSION

---

Independent private banks and small asset management/private banking providers were perceived as independent and individual.

“Our philosophy as a small asset management provider is to respond individually to the clients’ needs. This philosophy is absolutely different from the one from a large bank”, and “If the client gets the feeling he has gained a product because it must be sold and then it failed, the client will be very angry.” (P3, director and relationship manager of an asset management company)

“It is always good to offer products from other banks and not like it is the case in large banks to only offer their own products. Of course, this shows that the relationship manager is not interested in selling products to get commission but is looking for very good things.” (P8, assistant for relationship managers (Assistant Vice President))

“A standard bank provides private banking, too. But in a large bank you are one of many, many thousands. In a private bank you are one of a few and if you are one of some they should know if you are a tea drinker, coke drinker or diet coke drinker.” (P6, CEO and reliable partner of an asset management company; private banking and financial market expert)

Large banks were not perceived as independent or individual as they do not respond to the clients’ individual needs because they are doing strong push-selling. This is perceived as untrustworthy and, hence, bad for the client perception.

“If someone calls me from a large bank, this was earlier the case as I do not have large banks anymore, only products were sold that the relationship manager needs to sell for to the bank.” (P9, client)

“I was a client at large bank x for a long time and it was terrible like a push-selling gang and I perceived it from all sides. There are others that work in a much more trustworthy manner.” (P11, client)

#### IV. ANALYSIS AND DISCUSSION

---

The reason for this non-independent advice and push-selling strategy of large banks private banking providers is due to several reasons. Large banks create internal competition; the more a relationship manager sells a bank's product, the higher he will be ranked internally.

“In large banks you have ranking lists of the people and how much they have sold. And some people, it was not always the same ones, were defeated and this was ugly.” (P13, director and relationship manager of a private bank)

In addition to that, relationship managers of large banks gain commission by selling their bank own products.

“No, no, that's really for the bank. If you are, let's take a bank in Luxemburg and if you are a customer with a hundred thousand Euros of cash most banks typically would ask you to invest in their funds. And that's because one, they are increasing the value of their funds and secondly they get a fee on that.” (P14, client)

Further, any transaction (sell or buy of a product, money transfers, etc.) on the client account of a large bank creates commission, too. Hence, there is the risk that the relationship managers will advise the clients to undertake portfolio changes just to create commission. Therefore, it is always questionable for the client if the relationship manager is dealing in the interests of the bank or of the client. This problem exists for any type of bank that provides asset management and that has its own custodian bank. An external asset manager with a custodian bank at another bank does not get a commission for movements on the custodian bank account. This is called separation of powers and, hence, external asset managers' advice is more independent.

“There are big differences in asset management when talking about a custodian bank that is at the same time the asset manager. This means there is a big difference between an asset manager/relationship manager at a private bank booking the portfolio values at the same bank and an external relationship manager/asset manager booking the portfolio values at another bank! The constellation relationship managers at a private bank and custodian bank at the



#### IV. ANALYSIS AND DISCUSSION

same bank always include the risk that you cannot recognize whether the relationship manager is dealing in your interest or in the interest of the bank. The constellation external asset management custodian bank consists of separation of powers. A custodian bank cannot make turnover without me [external asset manager]. But at a private bank an internal asset manager can make more provision by generating more turnover because at the private bank the trader could state: ‘we need to make more turnover please.’ This is dangerous. As an external [asset manager] you cannot do this. The large bank cannot call an external asset manager and please him to generate more turnover.” (P6, CEO and reliable partner of an asset management company; private banking and financial market expert)

To better understand, the figure below visualises the separation of powers of an external asset manager who is paid per assets under management (AuM). The external asset manager is not working for the custodian bank and, therefore, he is fully independent.

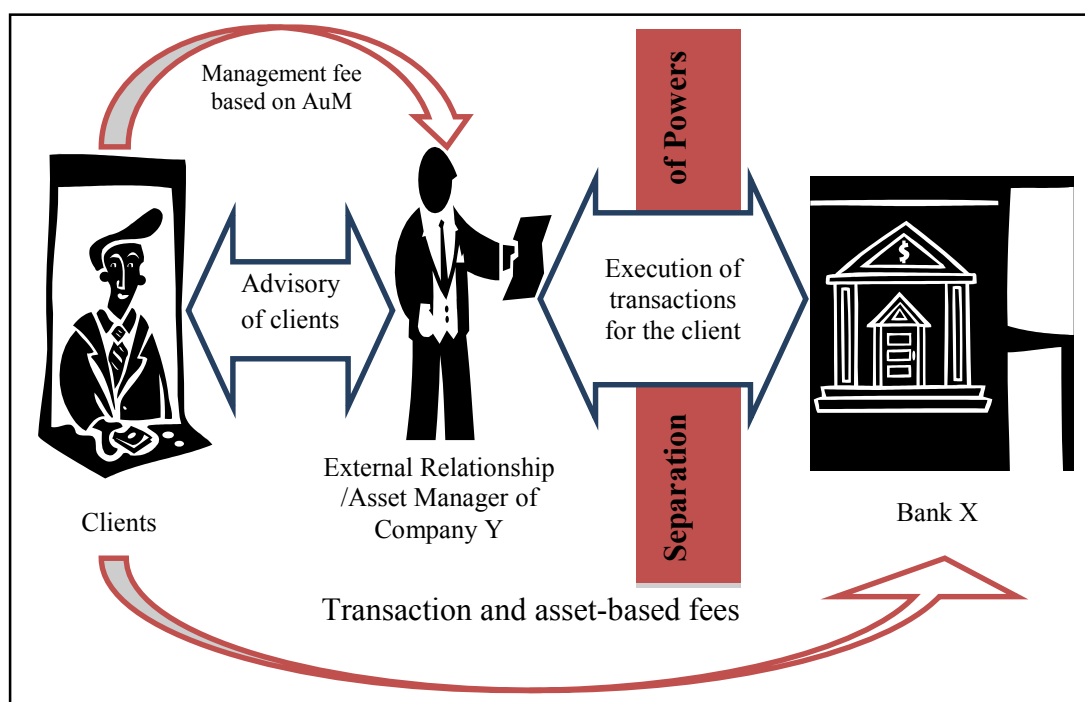


Figure 36: External asset manager and a different custodian bank - Separation of power

#### IV. ANALYSIS AND DISCUSSION

A relationship manager working for bank x gets paid by selling products and generating transactions.

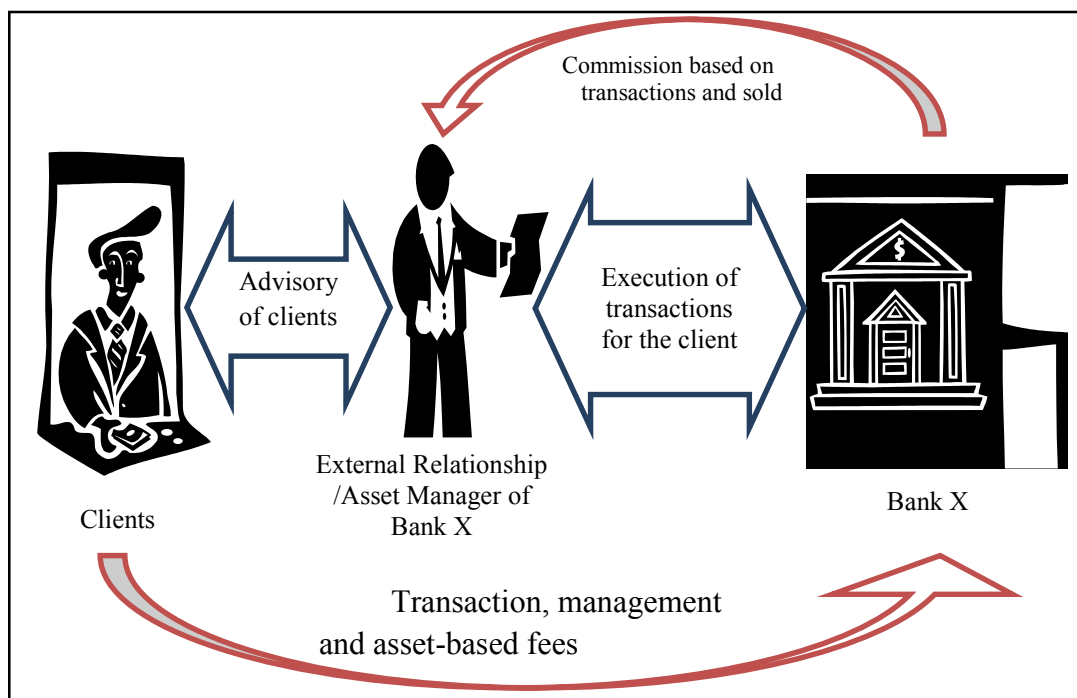


Figure 37: Relationship manager and the same custodian bank

Large banks providing private banking services cannot offer the same individual and independent service as small and independent asset management companies that use an external custodian bank. This is a very important point because the independence is realized by the clients and influences the trust as well as the long-term relationship. Hence, asset management companies or small private banks, especially without their own products and custodian bank, have a competitive advantage in terms of independent service.

#### Macroeconomics

The determinant “macroeconomics” emerged inductively during the analysis procedure. This determinant involves central banks, lawmakers/governments, the industry and the central bank. In the beginning, two parties were discovered, lawmakers and (banking) industry that can influence, with their decisions and actions, the perception of the consumers. Lawmakers create laws that e.g. protect clients. The laws are minimum standards that must be kept by the industry. Banks try to improve the actions so that it fits to the client needs and fulfils the legal requirements. Those legal requirements might differ from country to country.

#### IV. ANALYSIS AND DISCUSSION

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“On the one hand there are protectors, like lawmakers and consumer protection. These parties say they need to protect humans. On the other hand we have the investors that want to be sure what happens with their money. As a third party we have the industry. We [industry] must deal with the question how do we work correctly so that it is fine for our clients.” (S1, senior consultant)

The laws influence the expectations and perceptions of the client. E.g., by law, Switzerland has strong banking secrecy and a reliable market. On the one hand, clients benefit from higher discretion. On the other hand, it could mean that some clients want to invest in markets with less political risk and stronger stability due to regulations. Political stability is an advantage of location. Advantage of location means that only certain locations provide this advantage (e.g. strong political stability). This goes in-line with the literature as it was stated that clients perceive private banking as secure because this service offers them the possibility to achieve geographical investment diversification (Gratwohl, 2011)

“We still have more or less good banking secrecy. The people have chosen Switzerland so far because of these values. The Swiss values, reliability and political stability.” (P13, director and relationship manager of a private bank)

“At the moment, there are not many [5] hurdles with Eastern Europe, Russia and Ukraine do not have as many statutory regulations as Western Europe. Basically, you need to know the client as they mostly want the same: Especially Eastern Europe clients are very conservative as they have already a high risk in their own country.” (P10, relationship manager of a private bank)

Depending on the country of residence and of the location of the client’s custodian bank or account, different laws and regulations must be kept which are used to ensure a proper understanding of the client’s needs and to protect him. This influences the private banking consumer perception as clients might perceive the service depending on the regulations as more secure.

#### IV. ANALYSIS AND DISCUSSION

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“There are many legal influences. Especially in Germany we have many legal regulations which results in more documents for the protection of clients.” (P12, lawyer of a private bank)

“The asset management strategy must be verified due to the security paper law and MiFid. Every bank has its own documents that look different and consist of questions about your experience, how the portfolio should look, opportunity based investments, balanced, security orientated, weighting etc.” (P5, branch manager of an asset management company)

“It is required from a legal point of view to know the customer. For the know-your-customer process it is necessary to create a customer profile with the source of wealth, heritages, [...]. During the crisis you realize what the client states as an investment objective and the relationship manager records that an asset management policy was made correctly. Has the client taken too much risk he will realize it because risk willingness and risk capabilities are two different things.” (P6, CEO and reliable partner of an asset management company; private banking and financial market expert)

In addition to that, the client information and data required due to legal policies is useful to strengthen the personal relationship between client and relationship manager. Relationship managers are aware of this advantage.

“The more you know about the client the better. If you know the hobbies of your clients and you have the duty to find a birthday present for his 50th birthday it is easier to give an individual present.” (P6, CEO and reliable partner of an asset management company; private banking and financial market expert)

Financial service providers are regulated in a different way from banks. If this leads to different private banking consumer perceptions could not be explored.

“Independent financial service providers are regulated by the trade office, and finally banks are regulated by the BaFin [Federal Finance Institute]. These are different benchmarks. No client has the chance to discover which constitution

#### IV. ANALYSIS AND DISCUSSION

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says what and by whom it is regulated.” (S4, head of asset management of an asset)

In addition to the law and the industry/market, central banks control or influence the current economy with its central rate because fresh capital costs for government; banks and the whole industry depend on the central rate. Basically, a low central rate leads to higher investments and a bullish market and, vice-versa, a high central rate leads to a bearish market. The current market situation has an influence on the perception of the clients as the costs of capital for private investors are also depending on the central rate. Further, lower central rates mostly lead to higher stock prices which the client might perceive as good service or advice offered by his bank, and, hence, macroeconomics has an influence on the whole perception process of the private banking customer.

“To increase the central rate could lead to a scenario that is difficult especially for emerging markets, as they require a higher degree of liquidity” (S12, Proxy Holder of an acquired private bank)

“It happened to me four years ago on a particular type of process the bank increased the mortgage rate. And I pointed out to them that the ECB [European Central Bank] had not increased its rate for over a year. So why were they doing this?” (P14, client)

Depending on the market the price expectations and perceptions are different.

“In Germany, the banking market is very competitive and service is offered nearly for zero. This is different in other countries. [...] Luxembourg is a little bit more expensive but Switzerland is even more expensive due to the political neutrality, safe haven and the higher quality.” (P6, CEO and reliable partner of an asset management company; private banking and financial market expert)

In addition to that, it seems to be that the prices and fees of the banks are difficult to compare. Discretion or personalization might be a reason for this non-transparency in terms of prices and fees but this could not be investigated by the present research.

#### IV. ANALYSIS AND DISCUSSION

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“We have a mobile market as a classic example with lists of telephone fees. With three providers in Switzerland it is very transparent. [...] But to compare, I do not know, I guess 120 private banks in Switzerland is nearly impossible as there are big and small ones with many differences.” (P2, COO and reliable partner of a private banking provider)

The following figure summarizes the three main components of the determinant macroeconomic. It should be mentioned that all three components are very far ranging and detailed and to fully research these components in the present research is not possible. Nevertheless, the present research was able to discover that those components have an influence on the private banking consumer perception.

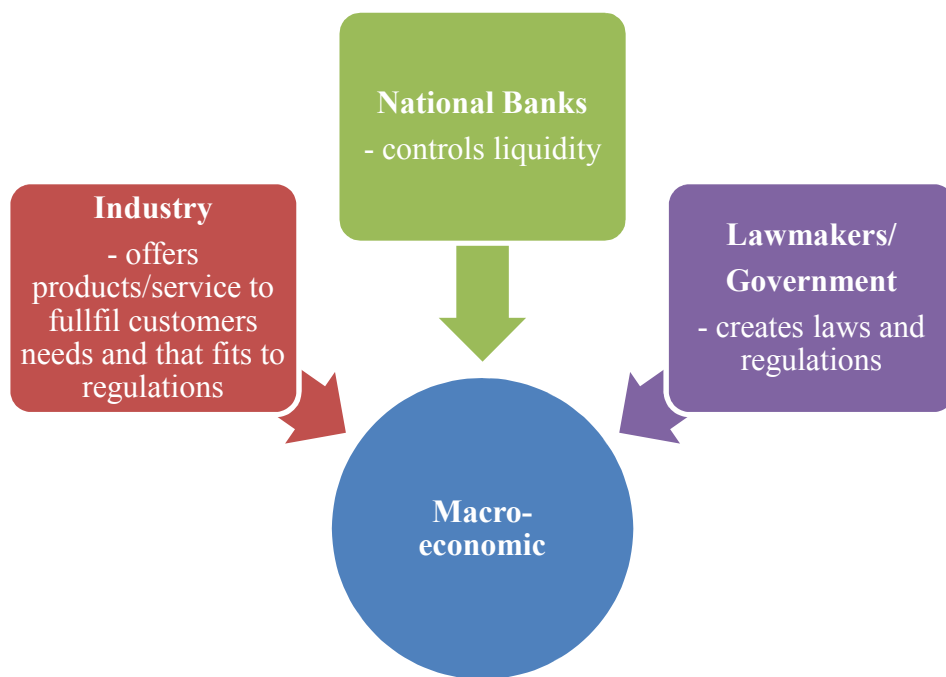


Figure 38: Composition of the determinant macroeconomic (own creation)

#### Price

The determinant price was identified during the systematic literature review and could be confirmed during the observations and by the interview participants. Basically, it can be said that private banking clients are price sensitive. This means they have certain expectations and perceptions on banking fees in terms of consultation fees, money transfers, etc.

#### IV. ANALYSIS AND DISCUSSION

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“It is important that I can state to him [relationship manager] I do not accept any fee for money transfers and transactions, this means to make compromises.” (P4, client)

“I do not want to give away my money. The banks live from the interest, depending on what the interest rate is.” (P7, client)

“I have discovered that the German is very price sensitive. I could cite Oscar Wilde: ‘the people or I would even say the German knows the price of everything and the value of nothing.’” (P6, CEO and reliable partner of an asset management company; private banking and financial market expert)

“I am not price driven. [...] and I do not want to be the client of the most expensive bank but at the end it must be fun for both parties otherwise he [relationship manager] cannot deliver good advice.” (P11, client)

It was explored that most private banking prices and fees are not fully transparent to the client.

“We [banks] must make transparent that the result and the price return is only available over [...] a price risk or price capital commitment or a combination of both.” (S1, senior consultant)

Furthermore, it was mentioned that clients don't change financial service provider although other providers might offer lower fees.

“I have the impression that there is no strong competition in private banking. The fees and everything else are not transparent because of this the client does not know where he can get lower fees for the same service and due to the personal relationship to the relationship manager the client will not change and because the fees might be lower.” (P2, COO and reliable partner of a private banking provider)

The price sensitivity strongly depends on the performance which depends on

#### IV. ANALYSIS AND DISCUSSION

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macroeconomic factors. This means, during bull markets the clients are more price sensitive as the performance of the portfolio or specific products can decrease. The primary data findings are similar to the literature review findings. A client is dissatisfied with the received service quality if the costs are too expensive or does not fit with the client's preferences (Galasso, 1999; Putz, 2002).

“If it is going bad and you make a loss of about minus 10% and we increased the fees, then the client would say: 'you are losing my money and you want to have more fees?'. If the client makes a gain of 10% then it is easy to increase the fees because the client earns well.” (P1, asset management advisor private banking (assistant vice president))

“During the current market situation it is very, very difficult to make an increase. You should not be thinking of increasing the fees.” (P3, director and relationship manager of an asset management company)

“In my experience, clients are less price sensitive in good market times than in bad market times.” (P6, CEO and reliable partner of an asset management company; private banking and financial market expert)

“And it happened to me four years ago on a particular type of process the bank increased the mortgage rate. And I pointed out to them that the ECB had not increased its rate for over a year. So why would they do that? And they had their own internal funding reasons for doing this. But I complained and we went back to my previous level. It was withdrawn.” (P14, client)

#### **Products**

During the first observation a discussion involved the expectation and perception of clients about financial products. The determinant “products” consists of any financial product (like certificate, funds, stocks, bonds, etc.) that is used by a financial service provider to allow clients to invest money and to assist this process (like reports, graphs, statistics etc.).



#### IV. ANALYSIS AND DISCUSSION

---

Clients have expectations and perceptions of financial products. To estimate these expectations and perception is difficult because a financial product cannot be tested by the client beforehand.

“To cover realistic expectation is, in short, difficult because we cannot offer test rides. When you go to a car dealer you can do a test run and verify how much luggage the car can carry. [...] There are financial products that you cannot test beforehand. Financial products have two different characteristics. Either they perform well or they perform badly. Why do we invest in them? Because we believe they will perform well. If you believe they perform badly you would not invest in them. That’s quite simple. [...] If a product performs well he [client] pushes the expectation aside that it [the product] might perform badly someday. [...] The problem is if the expectation is unclear it might be very likely to disappoint the expectations of my client. If I do not meet the expectations I will have an unsatisfied client or I will have lost one. In the worst case I will have lost a client and this client might even sue me. Then I have a real problem.” (S1, senior consultant)

Private banking clients have different expectations in terms of security on the offered products.

“It is important for me to have products that are based on security and not speculative.” (P4, client)

“There is nobody who is able to state I should do 'this and that' but it is your risk. We will follow the stock and I will call you the day after tomorrow and we will sell it again. Nobody is able to state ‘take the risk’ and to give advice for a high risk product.” (P9, client)

Especially in terms of derivatives, clients are very cautious and perceive the distribution of those products as untrustworthy. Banks need to take care that they respond to the clients’ products needs and expectations. If the client realizes that a product was sold because it needs to be sold and it failed, the relationship might be damaged.

#### IV. ANALYSIS AND DISCUSSION

---

“If the client has the feeling that he bought a product because it had to be distributed and then it failed, it will damage the client relationship.” (P3, director and relationship manager of an asset management company)

“For some clients the bankruptcy of an issuer is a big reason to avoid an investment [...] I visited a panel discussion by X the whole day. Every hour a different discussion and one discussion was about certificates with Y as moderator [...] the room was not even filled to 20% because no one was interested.” (P5, branch manager of an asset management company)

“Well, I had some clients who still own Lehmann products that I have bought, that we have bought. They say: ‘no, no please no further structures products!’” (P13, director and relationship manager of a private bank)

“Most people do not want to touch derivatives. [...] Many clients have had bad experiences and do not want to use them anymore. [...] We remark this in our CRM system [client-relation-management] that the client does not want to use such products. If you offer the client such a product two or three times he will get the impression that he is not getting a good advisory service.[...] a client that is used to having a specific report form e.g. a large bank wants to have the same report.” (P1, Asset management advisor private banking (assistant vice president))

In addition to that, clients have difficulties to correctly understand the product's complexity they are investing in.

“There is the risk that people think that every product is described with an interested rate saying: it was 6%, PER CENT, 6 PERCENT this suggests in a way PER CENT is fixed income and fixed income is secure from my point of view. [...] You think you know it but you have to hope, think about Greece and you realize that fixed income is not equal to fixed income.” (P6, CEO and reliable partner of an asset management company; private banking and financial market expert)

#### IV. ANALYSIS AND DISCUSSION

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Law regulations are available that are used to ensuring that customers understand the products they buy.

“The client risk profile document must be signed by the bank and by the client. If the client wants a conservative asset management strategy and one day has hedge funds in his portfolio or similar products; this would be bad for the bank. It [the risk profile document] protects both parties. The bank requires this document for all clients. Without this document no account can be opened.”  
(P12, lawyer of a private bank)

#### **Relationship**

The determinant "relationship" was identified during the systematic literature review and could be confirmed during the observations and by the interview participants. From the systematic literature review it was not clear whether the relationship between client and bank or relationship manager and bank is important or has a stronger influence on consumer perception. Two sources stated that the relationship in private banking between bank and client is important (Akerlund, 2005; Bhalakrishnan, n. d.) and other sources stress the importance of relationship on an individual/personal basis, between staff/relationship manager and client as important (Abratt & Russell, 1999; Bruhn et al., 2009; Gratwohl, 2011; Molyneux & Omarini, 2005). From the primary data very high importance was attributed to the relationship between relationship manager and client and was researched to be a central point. The relationship manager is perceived as the face of the bank. Clients want to keep the existing relationship with their relationship manager for a long time.

“The relationship is a very central point. I think the point to point connection between relationship manager and client is extremely central [...] I think the personal relationship is very important. You see it if relationship managers leaves the bank he will take 30 to 70% of the clients’ assets with him to the other bank.” (P2, COO and reliable partner of a private banking provider)

“The topic personal relationship, personal connection to the relationship manager is very important. It is more important than the company the relationship manager is working for. From my point of view, the private

#### IV. ANALYSIS AND DISCUSSION

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relationship is a primary point for a client.” (P3, director and relationship manager of an asset management company)

“The relationship manager is more important for me because it is very hard to explain everything again from the beginning.” (P4, client)

“From my point of view the relationship between relationship manager and client is more important because the relationship manager is the personal contact person who has to react to the fears and disappointments of the client during bear markets.” (P5, branch manager of an asset management company)

“The relationship manager will always say that the relationship between relationship manager and client is more important. The bank, which is one level upwards, does not like this fact, of course. [...] Today, there is the risk that if the relationship manager or relationship manager teams change bank that clients will change with them. Due to this it is obvious that the relationship between relationship manager and client is the important one. The client needs the feeling [...] that the relationship manager is dealing in the interests of the client and not in the interests of the bank.” (P6, CEO and reliable partner of an asset management company; private banking and financial market expert)

“I would say to myself and to the relationship manager. He is the face of the bank because for a lot of banks today, customers are just figures.” (P14, client)

“I think the personal relationship is very important, of course. I have changed to a private because my relationship manager has changed.” (P11, client)

“It is always better to have the same relationship manager with whom I can talk about everything, about problems and who advises me. From my point of view this is very important.” (P7, client)

The statements above go in-line with the statement by Abratt and Russell (1999, p. 5) “the challenge of the banks is to own the relationship with the client and use this as a competitive advantage over other banks”. The heart of private banking services lies in

#### IV. ANALYSIS AND DISCUSSION

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personal relationships and professional service (Abratt & Russell, 1999). Lawmakers and private banking lawyers are required to keep the relationship on a consistent level. With specific regulations it is ensured that clients are correctly understood. However, some documents might be annoying for the clients. It is important that relationship managers are able to explain the necessity of those documents by highlighting that the documents are useful to understand and protect the clients' needs.

“Especially during a long-term relationship it is important in terms of tax law, background verification to the client relationship, US topics to have the necessary information on all levels. [...] In terms of long-term relationships it is not that easy to ask such questions to a client. This requires skills from the relationship manager and a good relationship. These documents are also important for the relationship otherwise he [client] might be disappointed because he wants something [product] totally different.” (P12, lawyer of a private bank)

As previously stated during the discussion of the determinant emotional/social values, relationship is defined in some cases as a friendship. Therefore, the determinant “emotional/social values” is part of the determinant relationship.

“I know most of my clients privately; mostly I could say we are friends.” (P1, asset management advisor private banking (assistant vice president))

“It is also something personal because two directors are friends of mine. Relationships are only a problem for somebody who does not have relationships.” (P7, client)

This is similar to the systematic literature review findings. It was stated that the heart of private banking services lies in personal relationships and professional service (Abratt & Russell, 1999). Relationship managers are often friends or consultants of their clients because customers do not have many people they can trust (Gratwohl, 2011). An important part of the relationship is that the clients perceive themselves as being understood by the relationship manager. Therefore, the determinant understanding the

#### IV. ANALYSIS AND DISCUSSION

---

customer is part of the determinant relationship. This will be further analysed and discussed during the section understanding the customer.

“If you have an insurance company or bank you will be happy to know somebody and do not need to talk once to Mr Müller and once to Mr Meier [with Müller and Meier P13 refers to fictional, typical people]. This is hard. This is very important. I think this is a very important point. It is an advantage for us at private bank X as we have more or less no labour turnover.” (P13, director and relationship manager of a private bank)

“If a client has the impression that he needs to repeat everything then he gets the feeling that they [banks] do not understand the human being in terms of which client has which assets or background. This is a difference between a standard and private bank. This should be the difference.” (P6, CEO and reliable partner of an asset management company; private banking and financial market expert)

The findings highlight that it is very important for private banking customers to keep their relationship manager. This long-term relationship is necessary to understand the client and his needs.

#### **Reliability**

The determinants "reliability" and "responsiveness" were merged as the determinant "reliability", as reliability results from responding. Further, the only important factor in reliability is the response in relationship and not reliability in terms of investments. The determinant reliability was confirmed during observations and during interviews. Clients perceive reliability in private banking as prompt response, constant error-free and fast execution of service.

“Of course, we have to keep clients up-to-date and we must promptly execute the tasks previously discussed by the clients” (P1, asset management advisor private banking (assistant vice president))

“At first, I think error free transactions and tasks, like money transfers, standing orders or something else which are standard services, must be done error free.

#### IV. ANALYSIS AND DISCUSSION

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Error free means reliable which include keeping agreements that were discussed with the client.” (P5, branch manager of an asset management company)

On the one hand, banks are perceived as reliable if they visit clients to solve problems.

“I can rely on all of my three banks 100%. [...] If we have a problem or a new investment we just need to call the bank and the relationship manager will visit us.” (P7, client)

On the other hand, banks are perceived as reliable if they execute orders directly and confirm this execution.

“Reliability is important. If the client makes an order it must be executed. And the execution should be confirmed.” (P10, relationship manager of a private bank)

Especially in private banking reliability is important as clients have the impression to pay more in private banking and gain highly reliable services.

“I think a bank, especially a private bank, must be reliable. I think the expectation of a private bank is higher than the expectations of a retail bank. This is due to the fact as you might think they have more money available to provide the service and, hence, they must work perfectly.” (P2, COO and reliable partner of a private banking provider)

To provide reliability, bank employees need to have a high level of competence to offer a prompt response, constant error-free and fast execution of service. Hence, reliability is part of the determinant competence.

#### **Security**

The determinant "security" was identified during the systematic literature review and confirmed during the observations and by the interview participants. For private banking clients' security is an important issue. This topic has gained even stronger

#### IV. ANALYSIS AND DISCUSSION

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attention since the last financial crisis. Clients want to have more security which means taking less risk.

“Today, clients ask questions about the equity base and the current Tier-1 ratio. Before [the crisis] this was never asked. Also the risk is perceived stronger.” (P1, asset management advisor private banking (assistant vice president))

“There is a tendency to hedge as much as possible. On the flip side, this means paying money to take as little risk as possible.” (S1, senior consultant)

Lawmakers and lawyers are required to protect the bank and the clients and to ensure that there is no misunderstanding in terms of risk and security during the investment procedure.

“If the client wanted a conservative asset management strategy and one day he finds hedge funds in his portfolio or other stuff, the bank has done something wrong. It protects both sides but the bank requires the document for every client. Without this document no account will be opened.” (P12, lawyer of a private bank)

“I have experienced and made a lot of wrong investment decisions because in the end I have to decide on the asset management strategy. Today, there are some decisions that I would not make again or that I know that I have to be careful about. I think today we know that we even have to decide which bank we have to choose to place our savings [...]. I am always learning something new.” (P11, client)

It is important that the security perceptions of clients are at least fulfilled because if a client feels secure he will introduce the relationship manager to prospective clients. It is in the interest of the bank or relationship manager to give the client the feeling of security.



#### IV. ANALYSIS AND DISCUSSION

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“Security is very important because only if the client feels secure will he introduce you to prospects or other clients” (P13, director and relationship manager of a private bank)

In addition to that, clients have high discretion expectations and banks need to ensure to keep hold of them.

“I find it very important. Discretion is from my point very important that nothing leaves the bank.” (P4, client)

“Discretion, of course, is a must. Banking secrecy is 100% important because in this segment no one wants something about the amount of money and what happens on his account to get outs.” (P5, branch manager of an asset management company)

“Anonymity is important. This is the advantage of Switzerland. If you compare banking in different countries and you do not consider banking secrecy then banking is the same everywhere, worldwide.” (P8, assistant for relationship managers (assistant vice president))

“If you know that the client has a child born out of wedlock or a girlfriend you will be able to structure the assets better because the liquidity is different.” (P6, director and relationship manager of an asset management company)

For relationship managers it is difficult to be discrete as they need to communicate with their clients about discrete topics (e.g. children born outside marriage; this statement was already mentioned during the discussion emotional/social values) to correctly advice the clients in terms of investments. Hence, to be discrete and to have a correct working communication is difficult for relationship managers and a balancing act.

#### **Understanding the customer**

The "determinant understanding" the customer was discussed during the systematic literature review, and confirmed during the observations and by interview. For private

#### IV. ANALYSIS AND DISCUSSION

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banking clients to be perceived as being understood by the bank and especially by the relationship manager is of paramount importance.

“I have never experience it, neither at large bank X nor at large bank Y nor at any other bank, nor by large bank Z, nor by a bank in Hamburg. Nobody called me and told me to do this or that.” (P9, client)

“Imagine you are going to a restaurant and eat always chips with schnitzel and every time the waiter states you should try the sushi. After the third time you get the impression he does not like you because you do not feel comfortable here eating a schnitzel and getting offered sushi. You get the impression that it does not fit.” (P11, client)

From the literature it was researched that understanding the customer leads to engaging customers and giving them the feeling that their transaction matters (Roberts & Campbell, 2007) and that the banks understands the customers' needs. This creates the foundation of a successful long-term relationship. Customers having a positive attitude and being satisfied with their bank and perceiving it to have been understood and value customer needs. These factors are significantly linked with the future intention of the customer (Baumann et al., 2007). As discovered during the determinant communication, the way of communication is important for understanding the client. This means, banking staff must be able to state the right questions to the clients. Then, they might receive a meaningful answer which leads to correct understanding. Therefore, the determinant communication is part of the determinant understanding the customer because communication is a precursor of understanding the customer.

“If I tell a client that a fund had an average of an 8% profit in the last 20 years, but fluctuates on and off at minus 20% but in average 8% profit, the client will say ‘Yes, I want to have the 8%’. When the relationship manager says to the client to get an average of 8% profit you must be willing to take a risk of 20% minus per year. Or by asking are your able to receive a loss of 20% on 100,000 € without mentioning the 8%, the answer will be different.” (S1, senior consultant)

#### IV. ANALYSIS AND DISCUSSION

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“It is all about a question of how I shout into the forest and how I talk to the clients and which message I deliver to the client.” (S3, member of the executive board of a direct bank) [This idiom means that the answer of a question depends strongly on the question]

To be able to correctly advise the clients, banks, especially relationship managers must give individual attention to the type and needs of the clients which influence the communication process.

“It is about the question of the needs of the person sitting opposite me [client]. He's an individual. These are as coloured as all the ties we have here today. To see the human being [...]” (S1, senior consultant)

Some banks try to get a feeling for the type of client during their advisory discussion and by constructing a relationship. Clients realize whether relationship managers understand their interest or not.

“I know all my clients personally and their private environment. I know which products are interesting for my clients. [...] I know how to talk with my clients about it and I think this is very important.” (P3, director and relationship manager of an asset management company)

“I prefer a long term relationship to my relationship manager because he knows my interests” (P4, client)

“After a while you develop the knowledge how the client invests or in personal discussion what he likes, which wine he prefers or if he likes this or that. And especially with investments it is good because you can value the customer.” (P8, assistant for relationship managers (Assistant Vice President))

Several procedures and techniques help banks to identify the type of client and to find an appropriate way of communication. The client is assigned to a specific client type category. Depending on the category the relationship manager knows how detailed he must explain products or stock values. This categorization could be useful to segment

#### IV. ANALYSIS AND DISCUSSION

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the customer base to address customers with similar needs but this needs to be investigated by further research.

“The clients state how they want to invest in terms of risk. In addition to that we have developed a system to define the type of client. We use different colours. If an analytical client type calls me and asks about the current state of the system will tell me he is a „blue’ client. This means analytical and I am able to give him an answer that he wants. E.g. Nestle rose from 56.75 to 56.85 etc.” (P1, asset management advisor private banking (assistant vice president))

“The asset management policies are important and the decisions are interrelated to the relationship manager and his experience, how he can value people. If he values people correctly he will do a good job. If he misinterprets he might have problems.” (P6, CEO and reliable partner of an asset management company; private banking and financial market expert)

In addition to that, lawmakers and banking lawyers established appropriate guidelines that are used to ensure that the needs of the customers are properly understood. This procedure might lead to the impression that clients feel understood. Similar to the systems used by relationship managers the lawyers use the categories to identify which risk the client wants to have in his portfolio.

“The client has specific expectations and it is important to explain during the first discussion what is possible and what is not possible otherwise wrong expectations will be made. There are three types of asset management strategies: conservative, balanced and speculative. The client has a discussion with the relationship manager and with the help of the risk profile the expectations of risk and profit of the client will be discovered.” (P12, lawyer of a private bank)

#### **Winner/Killer Elements**

The determinant “winner/killer elements” was identified during the systematic literature review. The winner/killer elements could not be confirmed as a determinant but as an attribute for the other researched determinants. The reasons will be explained in the following section.

#### IV. ANALYSIS AND DISCUSSION

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During the observation and interview, different determinants were described as killer elements.

“It must probably fit in terms of performance, performance - money-wise.” (P2, COO and reliable partner of a private banking provider)

“Banks must be able to explain their products otherwise you should go to another bank.” (S13, head of client services marketing retail products of an acquired private bank)

“He must be able to explain well. He further needs to inform me about the market situation and concerning the fees I am not willingly to pay any fee for money transactions, so that he is able to make compromises.” (P4, client)

“It is the personal advice. As mentioned, it must be focused on the human being and it is very important that I have the impression that they [bank/relationship manager] respond to my needs and are not push selling but consider my personal situation [...]” (P6, CEO and reliable partner of an asset management company; private banking and financial market expert)

“I had a discussion with a relationship manager about leasing and she showed off and we finally, changed partly to another bank. She was very personal and asked why we are on vacation so often. We had to involve her manager and described the situation [...] we had been clients of the bank for nearly ten years. Later, she called and apologized” (P7, client)

From the gathered data it can be claimed that winner/killer elements do not exist as a determinant, only as an attribute for determinants. As more or less every person stated a different determinant as a winner/killer element it can be assumed that those elements are individual and must be defined by the relationship manager. This is due to the strong relationship between the client and the relationship manager the relationship manager might be most applicable to discovering the killer and winner elements of his clients. Also the literature stated that it is difficult for companies to identify winner elements and that private banking institutions have to identify and adopt these to their client

#### IV. ANALYSIS AND DISCUSSION

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segments (Galasso, 1999). Additionally, it must be considered that some winner elements might become killer elements after time. As stated in the systematic literature review chapter, internet banking was several years ago a winner element. Today, it is a killer element although the personal relationship is still important in private banking. Clients want to verify their portfolio ad libitum to keep up with the fast changing financial markets. Now, further channels for banking are required like mobile banking. Some years ago, clients perceived mobile banking as a winner element as the majority were still using standard mobile phone without internet connection. Today, the number of clients with smartphones (e.g. iPhone) and internet access has increased (Ciriani, Jenkinson, & Richter, 2011). Consequently, mobile banking is changing from a winner to a killer element and private banking providers begin to realize this:

"I have already mentioned the new communication devices. I think the requirement to react to these new technologies, devices, etc. will increase. It will be difficult or a challenge, to offer them appropriately. We are already discussing to implement an iPhone App [with "App" an application is meant that allows mobile banking on smartphones] because we have clients that are a little bit younger and then they do not even have an App? [...] So, we have to offer an App - it is just a question of time!" (P2, COO and reliable partner of a private banking provider)

Hence, banks regularly need to verify their winner/killer attributes.

Furthermore, it can happen that a change inside the bank (e.g. used to modernise or keep the bank up-to-date in terms of information systems) uncovers a killer element: The determinant product (that also considers reports) was perceived as being fulfilled by the client. After the bank implemented a new system it was perceived as unfulfilled by the client as the layout of the report has changed. The determinant product was identified by the bank and the client as a killer element not until the bank changed the determinant due to a reorganization process.

"We have introduced new asset management software with new reports. Two clients stated that they want to have the old reports otherwise they will leave the bank." [...] "We realized that we had to explain that we cannot develop

something special for two clients. Then they understood it and agreed” (P1, Asset management advisor private banking (assistant vice president))

Therefore, banks need to evaluate if a planned change involves a killer element. As winner/killer elements are not always directly accessible before a change they need to be uncovered as soon as possible after a change. Hence, it is very important for banks to frequently estimate and verify the winner/killer elements.

#### **Further important characteristics and aspects that form the private banking consumer perception process**

In the following abstracts the author identified further factors that are important for private banking consumer perception and are required to construct the model of private banking consumer perception. Hence, the following section is necessary for RO4.

RO4: “The creation and validation of a model of private banking consumer perception by empirical research”

#### **Expectation(s)**

It was already stated from the literature, that the private banking consumer has certain expectations and if those expectations are fulfilled or exceeded she/he will be satisfied. This was confirmed during the interviews as well and is mentioned again to confirm the construct of the model of private banking consumer perception.

“I think the client has expectations. As soon as these expectations are fulfilled the client perceived this as satisfied. Ideally, you should try to exceed the expectations.” (P1, asset management advisor private banking (assistant vice president))

As mentioned earlier, it is difficult to determine the expectations of the private banking consumers, especially for the products offered by private banking providers.

“To cover realistic expectation is, in short, difficult because we cannot offer test rides. When you go to a car dealer you can do a test run and verify how much

#### IV. ANALYSIS AND DISCUSSION

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luggage the car can carry. [...] There are financial products that you cannot test beforehand. Financial products have two different characteristics. Either they perform well or they perform badly. Why do we invest in them? Because we believe they will perform well. If you believe they perform badly you would not invest in them. That's quite simple.” (S1, senior consultant)

##### **Past experience**

The past experience of clients forms the basis of their expectations. Often, these experiences are negative and clients are aware of what they do not want in terms of product or service.

“Clients know what they do not want. This includes specific risk products and includes structured products as well” (P1, asset management advisor private banking (assistant vice president))

“Normally it is bad experience otherwise a client would not change his asset manager. We gain new clients from large banks because they were not happy with the advisory service.” (P3, director and relationship manager of an asset management company)

Further, clients do not accept a current service that is worse than the service offered in the past.

“No person who has made positive experience will be satisfied with something worse.” (P5, branch manager of an asset management company)

##### **Word of mouth**

The existence and influence of word of mouth was confirmed as an important factor that influences the expectations of private banking clients.

“It creates expectation depending on the statements from the other person, and, hence, he expects this from the relationship manager.” (P8, assistant for relationship managers (assistant vice president))



#### IV. ANALYSIS AND DISCUSSION

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“If a client expresses to a colleague or friend that we are doing a good job then this colleague or friend expects the same standard, of course.” (P5, branch manager of an asset management company)

“If I get information from a colleague or friend and they suggest a bank to me that is good I would get in contact with the bank to get further information.” (P4, client)

Private banking providers gain new clients primarily by word of mouth and it is one of their most important methods of acquiring new clients. Another method used by relationship managers are door openers. Door openers are persons, e.g. lawyers that suggest a financial service provider to their clients.

“We live very much from word of mouth. We make very few commercials and very little external marketing. [...] we live from word of mouth.” (P3, director and relationship manager of an asset management company)

“Primarily we gain new clients by existing clients. A person says to his colleague: ‘Mine [relationship manager] arrives next week – do you want to see him?’ There is another medium to create new relationship and new clients. This is called door openers. [...] These are people like lawyers, fiduciary, tax accounts because these people know people that have money.” (P13, director and relationship manager of a private bank)

Further, word of mouth does not need to be only positive. It was discovered that there exists also negative word of mouth. If clients discover that they get not correctly informed by a bank or relationship manager they are annoyed and they communicate this dissatisfaction to their colleagues.

“A comparison was made between a product, offered by a bank and a stock index. The product grew and outperformed compared to the index. One client mentioned to the speakers that those two different products should not be compared with each other as they consist of different contents (the product consisted of small, mid and big caps and the index only of big caps). People

#### IV. ANALYSIS AND DISCUSSION

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were visibly annoyed about the wrong comparison. As soon as the panel discussion was finished, clients discussed the issue that the panel made an inaccurate comparison. Some said ‘you cannot suggest such a bank to colleagues’.” (Noted by the researcher during the third observation)

##### **Socio-cultural values and the influence on customer needs**

During the interviews it was found that “socio-cultural values” have an important impact on the needs, and, hence, on the expectation and further on the perception of the private banking consumers. In the following part of this section, statements of participants that highlight the importance of socio-cultural values are analysed and discussed.

Depending on the age of the client a different portfolio strategy is required.

“You cannot construct the same ideal service portfolio for a 60 year old with 20 million as for a 25 year old that has inherited 20 million. This one needs another ideal service portfolio than the 60 year old.” (P2, COO and reliable partner of a private banking provider)

“The needs are depending on the age of the client, their personal profile” (P5, branch manager of an asset management company)

Further, seasoned clients require a seasoned relationship manager. This allows discussion on an eye-to-eye level between the two parties.

“If it makes sense to assign a 22 year banker or a 25 year old university graduate to a client that is 55, 60 years of professional experience including company found, sold and currently retiree, is questionable. The level of age is important, too.” (P3, director and relationship manager of an asset management company)

The consultation process must be adapted according to the education and knowledge of the client. As mentioned during the discussion of the determinant “competence” and “emotional/social values”, the relationship manager must be able to adapt to the competence of the client.

“How well is he [relationship manager] responding to the human being, how well can he respond to a 70 year old retiree and in the next appointment respond to a 42 year old partner and member of the board of executives of a mid-size company. These are different clients with totally different expectations [...]” (P6, CEO and reliable partner of an asset management company; private banking and financial market expert)

“A controller does not expect that I am talking about the weather and about the vacation but a successful artist or musician might expect this.” (P5, branch manager of an asset management company)

Cultural background of the client is part of socio-cultural values. Its influences on the private banking consumer perception needs could be confirmed, too.

“South American clients first do business and then party. Then everything is fine. If it is not going well, they might be in a bad mood for one or two days but afterwards he states: 'Ok, we will continue and everything is fine now.’” (P8, assistant for relationship managers (assistant vice president))

“Trust is very important for Eastern European clients. It is much more important than for Swiss clients. For Swiss clients the change of a relationship manager is not that important. For the Russian and Ukrainian clients it is very important. [...] It needs time to establish trust.” (P10, relationship manager of a private bank)

“The Latinos are special. The Latinos are special and emotional people. If they win they are very happy and, like currently, if they lose money like 2% this year, they are very sad.” (P13, director and relationship manager of a private bank)

Lawmakers are using several criteria that include socio-cultural values as well, to define the risk category of a person to protect the bank from crime customers.

“Depending on the nationality, residence, business activity or profession there are different clarifications. For example a diamond trader is a profession with a higher risk and it is necessary to clarify more in-depth.” (P12, lawyer of a private bank)

Consequently, the socio-cultural values influence private banking consumer needs, and, therefore, will be considered by the model of private banking consumer perception. Nevertheless, the present research is not about socio-cultural values. Further, socio-cultural values are very far ranging and multifaceted (e.g. population demographics, income distribution, social mobility, lifestyle changes, attitudes to work and leisure, consumerism, level of education, etc. ) (Johnson, Scholes, & Whittington, 2006). Hence, future detailed research is required to research the influence of the socio-cultural values on the needs of the private banking consumers.

#### IV. ANALYSIS AND DISCUSSION

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##### 4.2 Summary of the private banking consumer perception determinants

The following table summarizes the confirmed determinants and the criteria gathered in the last section as well as characteristics that are concerned with the criteria/determinant.

Determinant	Criteria	Characteristics
<b>Access</b> (part of credibility)	<ul style="list-style-type: none"> <li>- Staff availability (e.g. visiting clients at home)               <ul style="list-style-type: none"> <li>o Backup person</li> </ul> </li> <li>- Availability especially during difficult market situations</li> </ul>	<ul style="list-style-type: none"> <li>- Accessibility of contact person (e.g. 24 hours service) leads to trust (determinant credibility);</li> <li>- During bear markets access it is very important for relationship managers to be accessible; gives clients the feeling that someone goes with them across the market difficulties</li> </ul>
<b>Communication</b> (part of Understanding the customer)	<ul style="list-style-type: none"> <li>- Correct way of communication               <ul style="list-style-type: none"> <li>o Stating correct questions</li> <li>o Pro-active communication in terms of problems</li> <li>o Adapt communication hardware (devices) to clients' needs</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Different communication levels lead to misunderstanding; especially the relationship between risk and profit in terms of products</li> <li>- Stating correct questions leads to correct understanding of clients' expectations</li> <li>- Communication should be done pro-actively by the relationship manager in difficult market environments</li> </ul>

#### IV. ANALYSIS AND DISCUSSION

Determinant	Criteria	Characteristics
		<ul style="list-style-type: none"> <li>- Although clients prefer different communication devices, personal contact is still very important in private banking</li> </ul>
<b>Competence</b>	<ul style="list-style-type: none"> <li>- Competence of bank and relationship manager</li> <li>- Broad knowledge in terms of tax, fees, investments as well as knowledge about banking procedures</li> <li>- Ability to adapt to clients understanding and to explain well</li> <li>- Relationship managers must be able to summarize information so that clients are able to make decisions based on this information</li> <li>- Be able to produce clarity especially in difficult market situations</li> </ul>	<ul style="list-style-type: none"> <li>- Clients perceive good explanations as competence</li> <li>- If clients perceive the relationship manager as not competent it leads to a loss in trust (defined as the determinant credibility)</li> </ul>
<b>Courtesy</b>	<ul style="list-style-type: none"> <li>- Appearance, politeness and friendliness of staff</li> <li>- Clothing should be adapted to the situation and client</li> <li>- Overall appearance of the bank               <ul style="list-style-type: none"> <li>o facilities,</li> <li>o brochures,</li> <li>o staff</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- If a customer does perceive the private banking service in general as unsatisfactory, courtesy will not reduce this dissatisfaction.</li> </ul>

#### IV. ANALYSIS AND DISCUSSION

Determinant	Criteria	Characteristics
	<ul style="list-style-type: none"> <li>- Politeness and friendliness of staff is seen as a basic or standard by the client</li> </ul>	
<b>Credibility</b> (part of relationship)	<ul style="list-style-type: none"> <li>- Trust between bank, relationship manager and client</li> <li>- Trustworthy of products and services offered by the bank</li> <li>- Reputation/image of the bank is important for trust</li> <li>- Bad reputation occurs due to antinomian actions of the banking staff or clients and this destroys the trust</li> </ul>	<ul style="list-style-type: none"> <li>- Trust is required and crucial for a personal relationship, especially in private banking;</li> <li>- Trust between relationship manager and client is important as the decisions of the clients are based on the advice of the relationship manager</li> <li>- A long term relationship consists of trust</li> <li>- Those long-term relationships are very important assets of the company because it reduces the costs of acquiring new customers</li> <li>- Lawyers are required to keep positive image</li> </ul>
<b>Emotional/Social values</b> (part of relationship)	<ul style="list-style-type: none"> <li>- Emotional involvement in private banking             <ul style="list-style-type: none"> <li>o during the products selling/buying process</li> <li>o friendship with relationship manager</li> <li>o events, presents of the bank for client(s)</li> </ul> </li> <li>- Social skills of the contact personal</li> </ul>	<ul style="list-style-type: none"> <li>- Leading/influencing clients' emotions to improve financial investment decisions is difficult, especially during difficult market situations but leads to outperformance of the portfolio.</li> </ul>

#### IV. ANALYSIS AND DISCUSSION

Determinant	Criteria	Characteristics
	<ul style="list-style-type: none"> <li>○ Empathy of the relationship manager</li> </ul>	<ul style="list-style-type: none"> <li>- Social skills and events or presents etc. can be used to create personal /friendship with the relationship manager that increases loyalty/retention</li> </ul>
<b>Independence/ Individuality</b>	<ul style="list-style-type: none"> <li>- Degree how individual the service is tailored to the clients' personal needs</li> <li>- Respond to individual needs of clients               <ul style="list-style-type: none"> <li>○ Selling best-in-class products/service</li> <li>○ Dealing in the interest of the client, not of the bank</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Important difference between large banks and private banks/asset management companies: Large banks sell their own products to create commission and asset management companies sell best-in-class products (as they often do not have own products)</li> <li>- Non-independent can damage the relationship between RM and client</li> <li>- Client perceive push selling as untrustworthy</li> <li>- Independent asset management companies consist of a competitive advantage in terms of independent advice</li> </ul>
<b>Macroeconomics</b>	<ul style="list-style-type: none"> <li>- Laws and regulations created by Lawmakers (banking secrecy/discretion)</li> </ul>	<ul style="list-style-type: none"> <li>- Market and political stability leads clients to invest in a specific market</li> </ul>



#### IV. ANALYSIS AND DISCUSSION

Determinant	Criteria	Characteristics
	<ul style="list-style-type: none"> <li>- Market liquidity and stability</li> <li>- Political stability and reliability</li> <li>- Diversification of the portfolio</li> </ul>	<ul style="list-style-type: none"> <li>- RM needs to understand why clients want to invest in a specific market.</li> </ul>
<b>Price</b>	<ul style="list-style-type: none"> <li>- Price/Fees of               <ul style="list-style-type: none"> <li>o money transfers,</li> <li>o consultations,</li> <li>o products (commission)</li> </ul> </li> <li>- Transparency of the fees</li> </ul>	<ul style="list-style-type: none"> <li>- Sensitivity of private banking clients strongly depending on the performance. During               <ul style="list-style-type: none"> <li>- Bull markets clients perceive as “normal”</li> <li>- Bear markets clients perceive as too expensive</li> </ul> </li> <li>- Transparency of costs not given in private banking</li> </ul>
<b>Products</b>	<ul style="list-style-type: none"> <li>- Products like funds, stocks, derivatives and reports, statistics etc. to provide the private banking service</li> <li>- Degree of security and risk in terms of products               <ul style="list-style-type: none"> <li>o Depending of type of product</li> <li>o And the investment market</li> </ul> </li> <li>- Complexity of the product</li> </ul>	<ul style="list-style-type: none"> <li>- Difficult to demonstrate risk/security of products to clients as products cannot be tested</li> <li>- Derivatives are perceived as untrustworthy</li> <li>- Lawmakers establishing policies that make the risk of products transparent</li> <li>- If the client realizes that a product was sold because it needs to be sold and it failed out,</li> </ul>

#### IV. ANALYSIS AND DISCUSSION

Determinant	Criteria	Characteristics
		the relationship might be damaged.
<b>Relationship</b>	<ul style="list-style-type: none"> <li>- Relationship between customer and relationship manager               <ul style="list-style-type: none"> <li>o long-time relationship</li> <li>o can increase to a friendship</li> </ul> </li> <li>- Important for relationship is that clients feel understood</li> </ul>	<ul style="list-style-type: none"> <li>- Most relationships are based on friendship.</li> <li>- The relationship between relationship manager and client is stronger than the relationship between customer and bank.</li> <li>- A loss of a relationship manager leads to a loss of clients as most clients rely on the relationship manager</li> </ul>
<b>Reliability</b> (part of competence)	<ul style="list-style-type: none"> <li>- Prompt response of service requests</li> <li>- Error-free and fast execution of service</li> </ul>	<ul style="list-style-type: none"> <li>- Especially in private banking reliability is important as clients think they are paying more in private banking and gaining high reliable service in return</li> </ul>
<b>Security</b>	<ul style="list-style-type: none"> <li>- Security in terms of bank               <ul style="list-style-type: none"> <li>o stability and products investments</li> <li>o discretion</li> </ul> </li> <li>- Lawmakers try to protect both parties by creating regulations for both sides</li> </ul>	<ul style="list-style-type: none"> <li>- Lawmakers try to make risk transparent by establishing policies</li> <li>- Feeling of security of the client that leads to further clients (prospects)</li> </ul>
<b>Understanding the customer</b> (part of	<ul style="list-style-type: none"> <li>- Feeling that the relationship manager understands the client</li> <li>- Give individual attention to the clients</li> </ul>	<ul style="list-style-type: none"> <li>- Techniques might be helpful to identify the type of client</li> <li>- Lawmakers and banking lawyers</li> </ul>

#### IV. ANALYSIS AND DISCUSSION

Determinant	Criteria	Characteristics
relationship)		established appropriate guidelines that are used to ensure that the needs of the customers a properly understood

Table 11: Determinants of private banking consumer perception

The summary of the gathered aspects and description are listed in the table below.

Aspect	Description
<b>Expectations</b>	<ul style="list-style-type: none"> <li>- Expectations need to be fulfilled or exceeded to gain client satisfaction</li> <li>- Difficult to estimate clients expectations</li> </ul>
<b>Past experience</b>	Good or bad experience lead to expectations
<b>Word of mouth</b>	<ul style="list-style-type: none"> <li>- Influences the expectations</li> <li>- Good or bad, important method for banks</li> </ul>
<b>Socio-cultural values</b>	Influence the needs of a consumer
<b>Winner/Killer Elements</b>	<ul style="list-style-type: none"> <li>- Attribute that defines services/products perceived as nice to have or must-have for the client</li> <li>- Some determinants must be uncovered by the banks as not all winner/killer elements are directly visible.</li> </ul>

Table 12: Aspects of private banking consumer perception

#### IV. ANALYSIS AND DISCUSSION

The following table displays a summary of the number of participants that confirmed (+), did not confirm (-), neither confirmed nor did not confirm (O) a determinant. As is apparent, the majority of interview participants and speakers observed, confirmed the gathered determinants.

		Access	Communication	Competence	Courtesy	Credibility	Emotional/ Social values	Independence/ Individuality	Macroeconomics	Price	Products	Relationship	Reliability	Security	Understanding the customer
<b>Observation</b>	S1		+		+				+	+	+			+	+
	S2		+	+	+	+	+				+	+			
	S3		+		+							+			+
	S4		+	+	+				+					+	
	S5		+	+	+	+	+		+		+	+		+	
	S6	+	+	+	+						+	+		+	+
	S7		+	+	+	+					+				+
	S8		+	+	+	+					+				+
	S9		+	+	+	+					+				+
	S10			+	+	+			+						
	S11			+	+	+			+						
	S12			+	+	+			+						
	S13	+			+						+				
	S14	+		+	+	+				+		+	+	+	+
<b>Interviews</b>	P1	+	+	+	+	+	+	+	+	+	+	+	+	+	+
	P2	+	+	+	+	+	+	O	+	+	O	+	+	+	+
	P3	+	+	+	+	+	+	+	+	+	+	+	+	+	+
	P4	+	+	+	+	+	+	+	O	+	+	+	+	+	+
	P5	+	+	+	+	+	+	+	+	+	+	+	+	+	+
	P6	+	+	+	+	+	+	+	+	+	+	+	+	+	+
	P7	+	+	+	O	+	+	+	O	+	-	+	+	O	+
	P8	+	+	+	+	+	+	+	+	+	+	+	+	+	+
	P9	+	+	+	-	O	-	+	-	O	+	+	+	+	+
	P10	+	+	+	+	+	+	+	+	+	+	+	O	+	+
	P11	+	+	+	+	+	-	+	+	+	+	+	+	+	+
	P12	O	+	+	O	+	O	O	+	O	+	+	+	+	+
	P13	+	+	+	+	+	+	+	+	+	+	+	+	+	+
	P14	-	+	+	-	-	O	+	+	+	+	+	+	+	+

Table 13: Speakers/Participants and determinants declaration matrix

#### IV. ANALYSIS AND DISCUSSION

The bar chart (Figure 39) is based on the table above and visualizes the number of confirmations of a determinant. As visible, the amount of confirmations of a determinant is at least twelve whereas the maximum number of not confirmed is two. The most confirmed private banking consumer perception determinants are communication, competence, courtesy, price, relationship and understanding the customer.

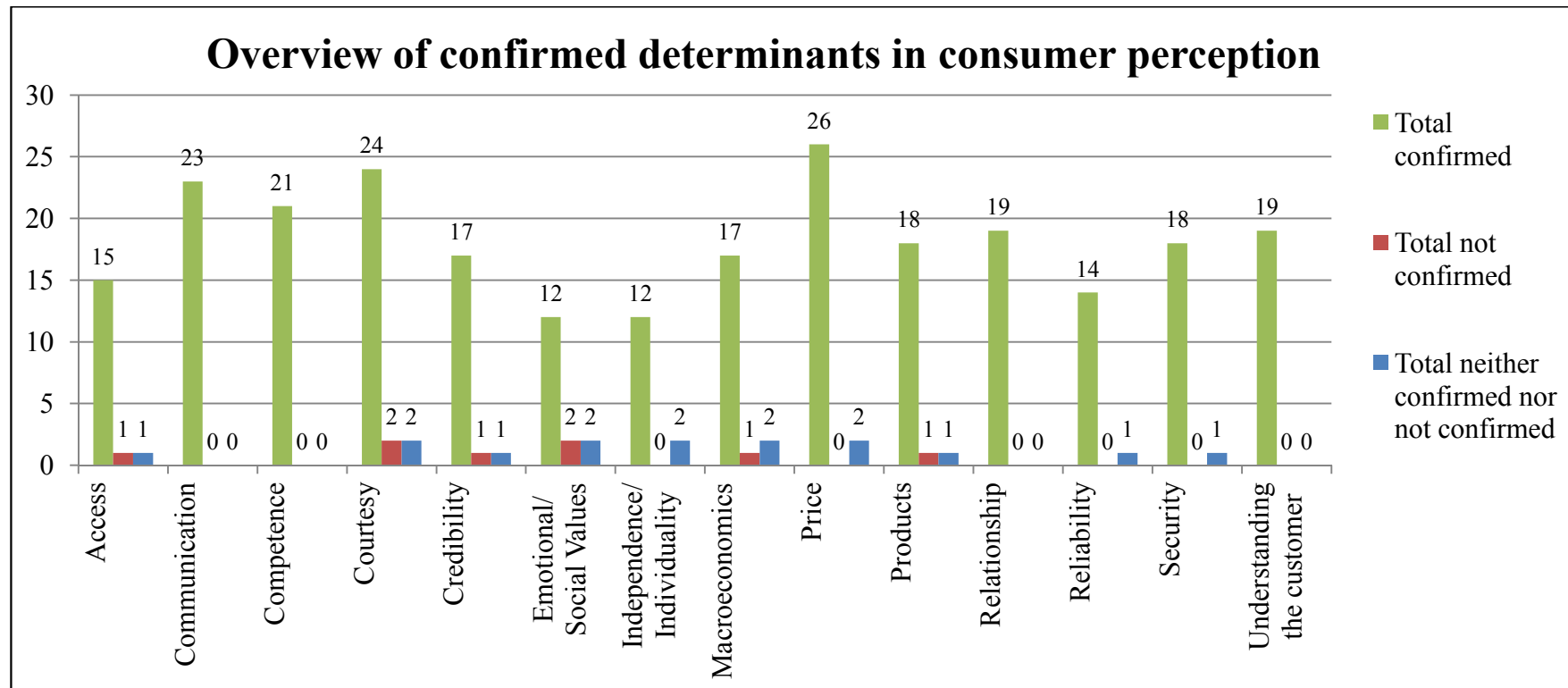


Figure 39: Overview of confirmed determinants

#### IV. ANALYSIS AND DISCUSSION

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For the first research question it was necessary to gather and validate the determinants of private banking consumer perception.

(RQ1): What are the determinants of private banking consumer perception?

This question can be answered as followed:

The determinants of private banking consumer perception are:

- Competence
  - o Reliability
- Courtesy
- Independence/  
Individuality
- Macroeconomics
- Price
- Products
- Relationship
  - o Credibility
    - Access
  - o Emotional/  
Social values
  - o Understanding  
the customer
    - Communication
- Security

By reviewing and analysing existing banking literature, initial determinants and sub-determinants (access, communication, competence, courtesy, credibility, emotional values, price, relationship, reliability, responsiveness, security, understanding the customer, winner/killer elements) were identified (please refer to chapter II. Literature Review, subsection 8). The present research confirmed most of these determinants in terms of private banking consumer perception by empirical research (except "winner/killer" elements which were defined as an attribute). Four determinants (emotional/social values, independence/individuality, macroeconomics and products)

#### IV. ANALYSIS AND DISCUSSION

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were identified from empirical research. As mentioned before, these determinants are very important for private banking consumer perception for the following reasons:

- Emotional and social skills can be used to create a personal relationship or friendship between client and relationship manager which increases loyalty/retention. Further, leading or influencing clients' emotions to improve financial investment decisions is difficult, especially during difficult market situations.
- Independence/Individuality considers the degree of how individual the service is tailored to the clients' personal needs. There is an important difference between large banks and private banks/asset management companies: Large banks sell their own products to create commission, and asset management companies sell best-in-class products (as they often do not have their own products). This is very significant as non-independent advice can damage the relationship between the RM and the client. Further, clients perceive push selling as untrustworthy. Hence, independent asset management companies have a competitive advantage in terms of independent advice.
- The determinant macroeconomics considers laws and regulations created by lawmakers (banking secrecy/discretion) that are used to protect clients from bad investments. Further, the determinant consists of the degree of market liquidity and stability which results in a location advantage.
- The products (like funds, stocks, derivatives and reports, statistics etc.) are required to provide the private banking service and differ in terms of the degree of security and risk. Some products, especially the derivatives are perceived as untrustworthy by the clients.

Accordingly, the first research objective was achieved successfully:

RO1: Gather and validate determinants of private banking consumer perception by empirical research

### **4.3 The refined model of private banking consumer perception**

From the results of the systematic literature review and the analysis and discussion of the primary data gathered by the observation task one and the first interview section, the conceptualized model of private banking consumer perception was refined in order to reflect the current progress of research.

The new determinants emotional values, independence/individuality, macroeconomics and products were added.

It was found, that the determinant "relationship" consists of the sub-determinants "credibility", "emotional/social values" and "understanding the customer". Further, the sub-determinant "credibility" consists of a sub-determinant "access" and the sub-determinant "understanding the customer" consists of the sub-determinant "communication". To establish a proper relationship with their clients, relationship managers need to at least fulfil or better exceed the clients' expectations of the determinant relationship, the sub-determinants of relationship and its further sub-determinants. Consequently, clients perceive a determinant as fulfilled if the determinant and all the corresponding sub-determinants are fulfilled. The establishment of the sub-determinants was explained in subsection 2.7 on page 160.

It was discovered that, if banks want to be perceived as a competent, bank employees need to be able to offer a prompt response. This entails a, constant error-free and fast execution of service as well (included in the determinant "reliability"). Consequently, it can be seen that reliability is part of the determinant competence.

Further, it was found that the customers' needs depend on socio-cultural values. As the determinant macroeconomics influences the whole perception process with law regulations which differ from country to country, market stability and minimum requirements that must be fulfilled by the industry due to regulations, it can be seen as a frame around the perception process.

As stated, winner/killer elements are attributes of other determinants rather than being one in their own right. Which determinant is a killer and which a winner element must



#### IV. ANALYSIS AND DISCUSSION

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be individually analysed by each bank for each client as it depends strongly on the customers' needs.

As mentioned, changes in a bank might lead to dissatisfaction as the change uncovers a killer element. Hence, to reduce customer dissatisfaction action research can be undertaken which means that companies need to undertake the steps planning, action and review. As soon as dissatisfaction is explored, a client retention process should be launched. It is required to plan how to achieve customer satisfaction, undertake the necessary actions which might require internal training and review the result. These steps should be repeated until client satisfaction is achieved. The action research steps will be considered by the model of private banking consumer perception. These steps help banks to improve their own practice and improve dealings with others in social situations.

The customer related aspects, like the determinants, expectation and perception process are displayed in green colour. Company related aspects are coloured in orange. Determinants that emerged inductively are displayed in bold.

The model of private banking consumer perception is an innovative contribution to knowledge as, so far, no generic model exists that portrays private banking consumer perception. It allows researchers to understand the private banking consumer perception process and its characteristics in more detail. Further, the model is insightful for private banking providers to understand the private banking consumer perception process and, hence, an important contribution to practice. This will be explained in subsection 6 (6. Contribution to practice) more in detail.

IV. ANALYSIS AND DISCUSSION

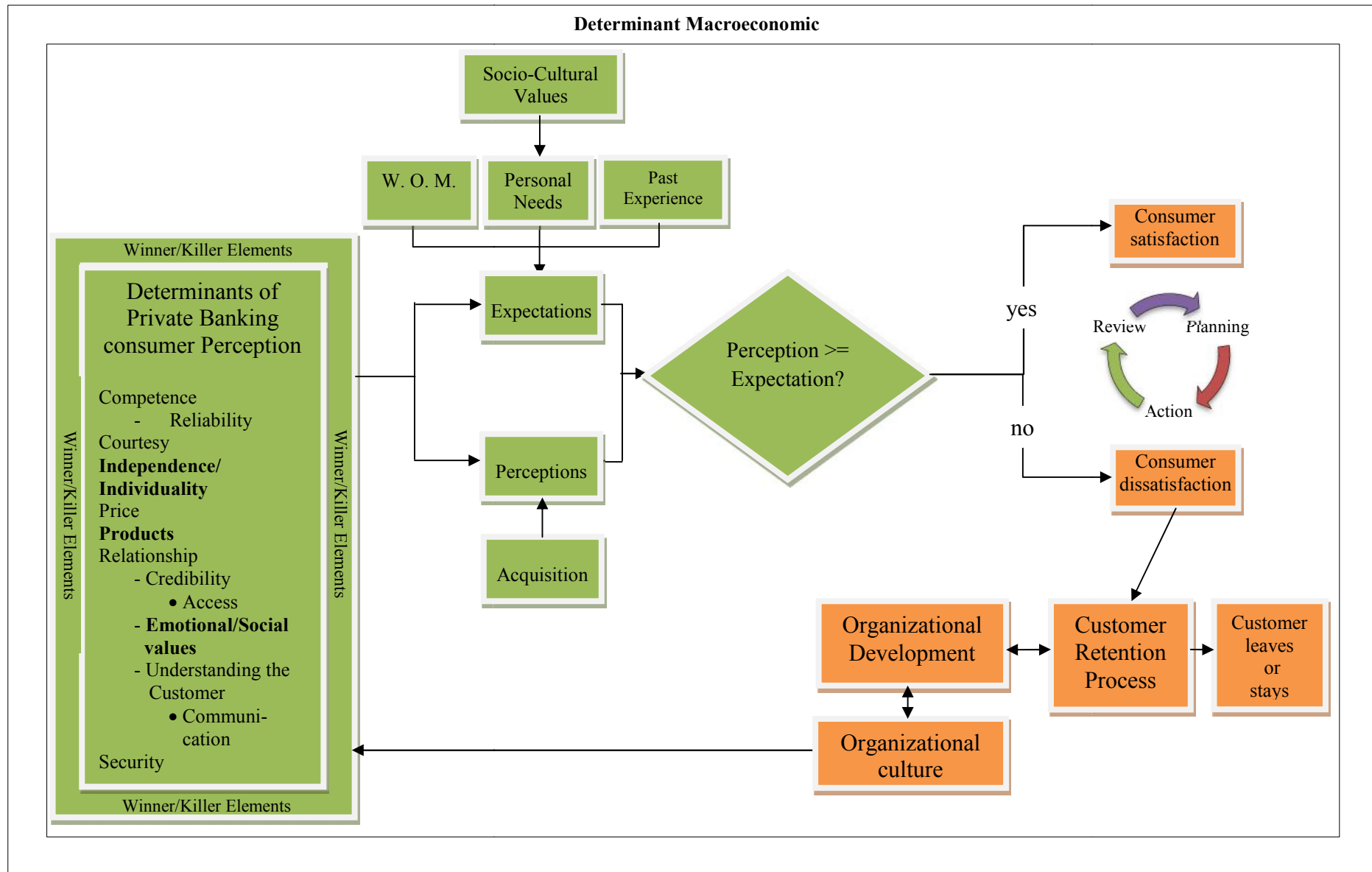


Figure 40: Refined model of private banking consumer perceptions

### **4.4 The definition of private banking consumer perception**

The third section of the semi-structured interview guide was used to define the term private banking consumer perception and is related to the second research question:

RQ2: “What is the definition of private banking consumer perception?”

Further, as already mentioned in the last chapter, the second section of the semi-structured interview guide is connected to research objectives two and four:

RO2: “Defining the term private banking consumer perception”

RO4: “The creation and validation of a model of private banking consumer perception by empirical research”

During the semi-structured interviews participants were asked what they understood by the term "private banking consumer perception". It was discovered that a client has specific expectations and that banks and relationship manager needs fulfil or, better exceed these expectations. For as long as the client perceives his expectations as being fulfilled he will be satisfied.

“I think the client has specific expectations. As soon as these expectations are fulfilled the client perceives this as satisfaction. Ideally, you should exceed these expectations.” (P1, asset management advisor private banking (assistant vice president))

“The client has specific expectations and needs. The relationship manager must respond to them to achieve these objectives. If these cannot be achieved in the long-term, no relationship will be established to the bank or relationship manger.” (P8, assistant for relationship managers (Assistant Vice President))

Difficulties arise with the question “How do you measure client satisfaction?” It is questionable which methods can be used to measure the perception of the client efficiently.

#### IV. ANALYSIS AND DISCUSSION

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“At the end of a discussion minutes the client satisfaction is evaluated by the relationship manager. It is a question of how to measure it without getting on the nerves of the client. This would be an interesting doctoral thesis: the measurement of client satisfaction.” (P6, CEO and reliable partner of an asset management company; private banking and financial market expert)

It was discovered that good or bad past experience as well as word of mouth lead to expectations. Needs are strongly influenced by socio-cultural values and influence expectations, too. The context is very important during the perception process. Based on these findings and on the definition of consumer perception from the literature review it was possible to define the term private banking consumer perception. Therefore, the second research question can be answered:

RQ2: “What is the definition of private banking consumer perception?”

Private banking consumer perception defines how a private banking customer receives, selects and interprets information in private banking. This process is influenced by internal (determinants, expectations, needs) and external (context) factors in which it is seen or heard. If the customer perceptions meet or exceed expectations, the expectations are confirmed and the customer is satisfied.

The service is primarily characterized by a strong personal relationship between the relationship manager and the client that consists of individual as well as independent services. Additionally, there is an emotional involvement during this process that influences the decision of the consumer and, relationship managers can influence this involvement.

Hence, the second research objective is successfully achieved.

RO2: “Defining the term private banking consumer perception”

### **4.5 Private banking consumer perception and the influence of an acquisition**

The second observation task and the second section of the semi-structured interview guide were to investigate the influence, if any, of acquisition on private banking consumer perception. This investigation was required to answer the third research question:

RQ3: “Does the acquisition of a private banking service provider influence the private banking consumer perception?”

Further, as already mentioned in the last chapter, the second observation task and the second section of the semi-structured interview guide dealt with the research objectives three and four:

RO3: “To examine to what extent, if any, acquisition influences private banking consumer perception”

RO4: “The creation and validation of a model of private banking consumer perception by empirical research”

Although the researcher observed several private banking employees and clients from acquired and non-acquired banks, from large banks and private banks and during different scenarios the topic of acquisition (in terms of mergers and acquisition) was never discussed. Hence, observation task two could not be completed successfully! Even though observation task two could not be achieved it does not mean that RQ3, RO3 and RO4 can neither be achieved. Observations were the first stage to collect primary data. Further primary data was gathered by semi-structured interviews.

The acquisition of a private banking provider can influence the perception of private banking consumers in many ways. These influences are analysed and discussed in the following section.

##### **Influences of an acquisition on the private banking consumer perception**

It was discovered that an acquisition can influence all determinants of private banking consumer perception. Clients evaluate which determinant might have changed due to the acquisition process.

“For a classical private banking client security and correct holder ratios are important and as a client I want to know who the proprietor is. The next point is e.g. private bank Z. They stated we are an individual private bank. Next week you will find above the door of your private bank the name of a large bank. Do clients still believe the independence, do they? The client might say I was with private bank Z because e.g. I didn't like large bank y or large bank X. Then the relationship manager must explain and convince the client. I claim that the relationship manager must acquire existing clients again!" Further it was stated by P6: “Of course, let us assume a private bank gets acquired by a large bank that all determinants are influenced. Every client will verify if something on the determinants has changed in terms of e.g. access.” (P6, CEO and reliable partner of an asset management company; private banking and financial market expert)

“You have to ask yourself why the client has chosen this private bank instead of a large bank. If you know this [why the client has chosen this private bank] you will be able to retain the clients.” (P6, CEO and reliable partner of an asset management company; private banking and financial market expert)

This statement underlines that it is important to change as little as possible of the current determinants of private banking consumer perception during an acquisition process. The statement of P6 goes in-line with other statements. Clients mentioned that they observed the acquisition process and verified if changes occurred due to the process.

“I waited and verified. You have to wait how they do it und if you are not satisfied you can still change the bank.” (P7, client)

A client (P14), stated in terms of the risk of losing the independence advice “that is always possible. You have to just judge it. If I think I do not want to work with that bank I will probably think what will happen with my money [...] it

changes the banks.” Further he stated: “I think what you expect is that you have continuity. You expect them that things do not change in the short term. Until you get information that there will be some changes in terms of fees for example.” (P14, client)

The most important influences of acquisition and their dependencies will be discussed in the following parts of this section.

#### **Influences of an acquisition on the determinant "individuality and independence"**

If a small private banking provider is acquired by a large bank, clients are concerned about the loss of individuality and independence. This was clearly confirmed by the participants and high attention was given to this topic which confirms its enormous importance.

“The majority of clients are afraid that they move from a small company that was more personally-orientated to a big company with impersonal contact. Flexibility might get lost and perhaps he will lose the personal relationship manager and instead be advised by a team. Perhaps he does not have the free selection of products because he can only buy the products of the acquirer. [...] In a large company I am a number with discretion and anonymous but I am not perceived as an individual.” (P2, COO and reliable partner of a private banking provider)

“Private bank Z is individual. Next week you will find above the door of your private bank the name of a large bank. Do clients still believe the independence, do they? [...] If private bank Y is acquired by large bank X it is difficult for private bank Y to retain all assets and relationship managers because large bank Y is not the favourite partner for a private bank and [large bank X] takes care of cost-income ratios, gross margin etc. and how the business unit is controlled” (P6, CEO and reliable partner of an asset management company; private banking and financial market expert)

“For my clients the philosophy is important, and, most importantly the relationship manager should not change. [...] If the relationship manager says:

#### IV. ANALYSIS AND DISCUSSION

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„First, I will remain your relationship manager, second, the asset management philosophy will remain independent as it was the case so far, third, the fees will not change.” (P3, director and relationship manager of an asset management company)

“We highlight our independence. If we work together with a large bank like other asset managers that are a branch of a bank, like private bank X which has our size it would lead to a different thinking of the clients because they could state we work like a bank.” (P5, branch manager of an asset management company)

It is important for clients of private banks that their account is not transferred to the acquirer, a large bank. This was mentioned by a relationship manager of a private bank that was acquired by a large bank. The private bank still exists with its own brand name although the bank was acquired by a large bank.

“Clients stated that it is very important for them that the account remains at private bank X and that this private bank still exists. And it was confirmed by the management that the private bank will still exist. And that we are the private bank of large bank Y. This was perceived positive by the client. But there were questions and apprehensions, for sure.” (P13, Director and relationship manager of a private bank)

To work independently from the large bank is very important for the private bank as clients are afraid that the large bank is trying to sell or distribute their products via the acquired private bank.

“As the process started, many clients stated questions like how does the future look. Will it be the same as when I was at a large bank and change due to this? [...] That it is like an automatism - were you offered large bank X products every day?” (P8, Assistant for relationship managers (Assistant Vice President))



#### IV. ANALYSIS AND DISCUSSION

---

“Large bank X should be aware of the fact that they cannot PUSH SELL their products via the acquired private bank Y. [...] But some first class products of the parent company are used for selling.” (P9, client)

The following explanation of P11 makes clear that large banks cannot offer the independence as small private banking providers. Further, P11 states his large bank experience and compared it with the experience of a private bank that was acquired.

“I have this relationship manager as I was satisfied and I have no reason to say no, I do not want this. But please, believe me, at the end either the relationship manager will leave or he will state in a private discussion: ‘Mr Y, I cannot do this, it is as it is.’ I have already made this experience and this is honesty which is part of a trust relationship. Either you can take it for a longer time or after a while, it hurts so much that you change bank. [...] If you rely on somebody and he is working more for the bank instead for the client.” (P11, client)

An important statement was made by a lawyer of a private bank that was acquired by a large bank. On the one hand, it clearly confirms the importance of small acquired private banks to be able to work independently from the acquirer, a large bank. On the other hand, the statement leads to the assumption that acquired private banks have difficulties in keeping their independence. On the question, if the bank is still working independently from the large bank, P12 answered:

“Hu, this is a delicate question [blushes and looks down on the floor]. No, I cannot answer this one. No, I want to skip this question – it is very political.” (P12, lawyer of a private bank)

The literature review findings of Köhler et al (2009) stated that most private banks have primary HNWI consumers and it is said that these independent banks can fulfil the individual needs of customers’ best due to their independent advice and products (Köhler et al., 2009). As investigated during this subsection, independence is of tremendous importance to be able fulfil the clients’ individual needs and perceptions. The independence of a bank depends on the new company strategy that is defined by the acquirer. Clients perceive it as positive if the acquiree remains as an independent unit.

“It is a question about what does the client expect with the new acquirer; does the acquiree remains as a more or less independent unit. I think that is the difference. If it is just a financier who gives the small unit money to survive it is something different from whether the clients are advised by large bank X.” (P2, COO and reliable partner of a private banking provider)

From the statements it is obvious that small private banks or asset management companies might lose their independence during an acquisition process. There is the risk that products of the large banks are distributed by the private bank. But the influence of independence depends on the new company structure and strategy.

#### **The importance of the relationship and relationship manager during an acquisition**

To keep the same relationship manager was highlighted very often and the importance of the relationship between client and relationship manager was stressed. Due to the strong relationship between client and relationship manager, it is possible to retain clients through an acquisition process by retaining the relationship manager. This means, clients are loyal to their relationship manager but not to the bank. This is very important as 40% of the banks during an acquisition process defined the retention of key clients as critical factor for successful acquisition integration (KPMG, 2004). Further, relationship managers might be able to provide persistent perceptions to the clients.

“Most important is that the relationship manager does not change. [...] I was employed at bank X [...] and as a branch was closed because the bank was acquired, the bank offered the clients to change to another well-known private bank. 90% of the clients declined to change the bank and stated that they want to stay with their relationship manager.” (P3, director and relationship manager of an asset management company)

“The relationship is important and the relationship managers at the financial service provider need to do their best to absorb but the client is still unsure if the bank changes its owner and perhaps not once. It is more or less a home. The

#### IV. ANALYSIS AND DISCUSSION

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relationship manager is in a personal relationship but the building; the real estate reflects the bank. You do not know the changes in the process and if the relationship manager gets further information, will he still work there or will he have to leave due to redundancy process, is my money safe etc.” (P5, branch manager of an asset management company)

“If the staff and relationship manager leave the bank the clients will be distrustful. If this person leaves the majority of the clients will leave, too. This is due to the fact that the personal relationship gets lost.” (P3, director and relationship manager of an asset management company)

“It depends on the relationship, how strong this connection is. If the relationship is good then there is a chance to retain the client.” (P6, CEO and reliable partner of an asset management company; private banking and financial market expert)

“It is important to keep the people that are in contact with the client. This is the most important thing.” (P10, relationship manager of a private bank)

As mentioned in the last section, relationship consists of credibility, access, emotional values, understanding the customer and communication. In case the relationship manager leaves the bank the determinants which are required for the relationship are affected, too. In case the relationship manager leaves the relationship to the client gets lost which leads to a loss of clients.

“The personal relationship is important. I have changed to a private bank because my relationship manager has changed.” (P11, client)

“If he [relationship manager] leaves then he will take clients with him to the other bank. This is an important point in private banking. Every private banker tries to strengthen his relationship to the clients so he is able to take clients with him in case he changes bank. I have the feeling that the salary is partly a retention bonus.” (P10, relationship manager of a private bank)

#### IV. ANALYSIS AND DISCUSSION

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“I have discovered during the acquisition of private bank X by private bank Y clients said: okay, I do not know the other private bank Y and I do not want it. I am satisfied with my relationship manager. Mr X, what are you going to do? [...] clients are connected to the relationship manager which was confirmed in the past.” (P3, director and relationship manager of an asset management company)

“A change of staff should exclude the relationship manager because I have to recreate the trust relationship to the new relationship manager. This is an important point because due to a change the procedure starts from the beginning every time. You have to get to know each other, you have to explain which direction you want to go in and that is very time intensive and awkward every time.” (P4, client)

The importance of the relationship manager during an acquisition process can be confirmed by a client (P7) who mentioned that there is no change during an acquisition as long as the relationship manager is still the same one.

“Nothing changed [after an acquisition]. If the relationship manager remains the same and nothing changes. We have made this experience. [...] You cannot change immediately and go to another bank because you have known them for several years. I know my relationship manager and his supervisor and you have to wait. If the strategy of the bank had been changed it would be a different story.” (P7, client)

These statements confirm the importance of the relationship managers they are able to retain clients due to the personal relationship. Several literature sources confirmed the importance of retaining customers during an acquisition process as a critical factor (Cohen et al., 2006; Knoll, 2005; KPMG, 2004; Miles & Rouse, 2011) and that clients leave the bank (Fasnacht, 2009; KPMG, 2004) during an acquisition process. The relationship manager is able to retain clients during an acquisition process as he owns the relation to the client.

#### IV. ANALYSIS AND DISCUSSION

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Further, it is important that the private banking service “strategy” of the bank remains, too. In addition to that, P7 is a private banking client of a large bank which was acquired by another large bank. As researched earlier, large banks do not provide services as independent as private banks or asset management companies. Therefore, there might be no changes in terms of independent service because the large bank might not have worked independently as it was not acquired.

There are some clients who prefer to have a strong relationship to the bank instead of with the relationship manager.

My first answer was that I have a relationship with my bank and that is still the case. (P9, client)

#### **The influence of an acquisition on the determinant credibility**

The image and reputation (determinant credibility) of the acquired bank is influenced but this depends on the reason for the acquisition.

“This depends on the bank and on the reason. If a client has chosen a bank because of the brand name then the acquisition of such a bank might lead to a reputation damage.” (P1, asset management advisor private banking (assistant vice president))

“We are going to change our brand at the beginning of next year because we thought that our acquirer, a large bank, has a good reputation but during the crisis it was negative.” (P10, relationship manager of a private bank) [The acquirer of the bank of P10 went bankrupt during the crisis and had to be bailed out by the government.]

Again, the relationship manager is the key as he is able to place the acquisition in a positive light by highlighting advantages of the acquisition process. This might be required to keep the reputation of the bank positive.

“As our bank got acquired by large bank X, rumours were spread around and clients had time to read about it in the newspapers before the acquisition was

announced. They asked what had happened and whether we have any information? Then it is important to say that there are some changes because of synergistic effects or something like this.” (P8, assistant for relationship managers (Assistant Vice President)

“When I started in this bank 10 years ago, the foundation of the private bank Y in 17XX was a very stable and inspiring number. Long-time banking and as it happened with the partners and the bank was acquired by large bank X, client were amazed. It was necessary to invest in the sense of the acquisition that we have a stronger partner with large bank X. We had to place it in a positive light.” (P13, director and relationship manager of a private bank)

#### **The influence of an acquisition on the determinant communication**

Clients expect to get informed during an acquisition process as soon as possible about the major changes. This is necessary to eliminate the rumours on the market about the acquisition process, to make the acquisition process transparent and to take away clients' insecurity. Consequently, communication is of high importance during an acquisition process.

“I would probably expect some communication from the relationship manager or the bank themselves. But it depends on the bank. If the bank has twenty or thirty thousand customers it's very hard to contact them all personally.” (P14, client)

“Normally the relationship manager must be informed earlier than the client. It must be done at the same time which must be the main objective. On Sunday the change of the bank, the acquisition, should be published. On Monday morning staff should inform the clients and inform them via letter. [...] That clients are fully informed and no disbeliefs are available.” (P5, branch manager of an asset management company)

“Clients expect to get enlightened. He expects to get an explanation why this happened, does it make sense? [...] The longer you wait the worse it will get because the company will lose trust. [...] As our bank was acquired our clients heard the rumours [...] then you have to explain that the acquisition makes sense

#### IV. ANALYSIS AND DISCUSSION

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because of synergistic effects or whatever.” (P8, assistant for relationship managers (assistant vice president))

“During an acquisition we must be as transparent to the client as we are transparent to each other.” (P12, lawyer of a private bank)

If during an acquisition the communication is not working properly, relationship managers will leave the bank, and, with them the clients. This might lead to a failure of the acquisition objectives. Hence, communication is a key driver that might decide about failure or success of an acquisition process.

“If you inform about such a process badly and you do nothing with the relationship managers - momentum develops. The relationship manager will begin to talk to the clients and inform them as soon as he is at a new bank. What he [relationship manager] is saying is very important or clients will begin to act by themselves. If you do not inform them correctly in such a phase you have no chance. Sometimes there is no other way than to inform by mass mail shots via the customer base but preferably you must act as individually as possible.” (P4, client)

#### **The influence of an acquisition on the determinant "products"**

The acquisition process influences the private banking client perception in terms of "products". Clients might be afraid that their products will be worthless if the issuer is bankrupt.

"The process influences the client and the selection of products. As mentioned the derivatives. As soon as a bank went bankrupt these are worthless. The reason [of an acquisition] is an important factor." (P1, asset management advisor private banking (assistant vice president))

On the one hand, the acquiree might benefit from benefits of scale as new products from the acquirer might be available for the acquiree. On the other hand, the acquisition might change the portfolio strategy due to the acquirers' products.

#### IV. ANALYSIS AND DISCUSSION

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“It could be interesting because of products offered by the large bank X. E.g. a plane lease or it is easy to get investment loans or guarantees.” (P10, relationship manager of a private bank)

Particularly, the distribution of products from the acquirer via the acquiree might be forced.

“I think, in the end, products will be created to use the scaling benefits and to push these in the portfolio of the people. I express this negatively and it will lead to a standardisation which this type of client does not get along with very well.” (P11, client)

In addition to that benefits might be available for small banks due to an acquisition. Large banks have research databases for investments which can be used by the acquiree, too, which is also a benefit of scale.

“We have already stated to our clients in Brazil that we want to grow and that the best possibility is to do this with large bank X because of the good infrastructure, access to research databases that we did not have before. We can buy cheaper the products of large bank X. We could not buy these products before or only to bad conditions. By mentioning these points clients confirmed that it made sense.” (P8, assistant for relationship managers (Assistant Vice President))

#### **The influence of an acquisition on the determinant security**

Clients were worried about the security during an acquisition in terms of their assets and liquidity of the bank.

“I would be cautious directly from the beginning and then discuss it but I was not able to get more information. I will do further research via the internet to discover more about the acquisition and to explore if security is still available.” (P4, client)



#### IV. ANALYSIS AND DISCUSSION

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“I think the topic security in terms of assets is very important for the client.” (P2, COO and reliable partner of a private banking provider)

“The topic security, security of the assets is very important for the clients at a bank or for the asset manager. It must be, if an asset management company gets acquired, at least on the same security level as before. This is very important.” (P3, director and relationship manager of an asset management company)

In addition to the security of assets it is important for some clients that their account details stay at the private bank and are not transferred to the acquirer.

“For the client it is very important that the acquirer does not forward any account information to the Russian or Ukrainian government - that their names are discrete.” (P10, relationship manager of a private bank)

Apart from that, if the client has an account with the acquirer and with acquiree he might close one account as diversification has not been given.

“If he already has an account at the bank it could be a problem because he wants to diversify and therefore has accounts at different banks.” (P10, relationship manager of a private bank)

#### **Context of an acquisition**

It was found that the **reason** and background of an acquisition influences private banking consumer perception. An acquisition due to a bankruptcy of the acquiree influences the consumer perception negatively in terms of reputation/image (defined as determinant credibility) and it is harder to convince the client of the positive aspects of an acquisition.

“If he [client] knows the bank has been rescued he will be relieved. [...] if a bank is suffering this is worse than when the bank was acquired because of the strategy. A bank should be able to keep house.” (P1, asset management advisor private banking (assistant vice president))

#### IV. ANALYSIS AND DISCUSSION

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“Of course, it is [answer to the question if the reason of an acquisition is important?] If the acquirer is just an investor to support the small unit it is something different than clients getting advised by large bank X.” (P2, COO and reliable partner of a private banking provider)

“Yes, I think it is important if a small bank has financial problems and gets acquired the client might think about it. [...] In my case it happened that the clients asked me what I will do as their relationship manager.” (P3, director and relationship manager of an asset management company)

“The reason is important. [...] This is a very important point. The bank was mentioned in the news [...] some client read this [...] and understood that the bank did not have a choice to do anything else.” (P13, director and relationship manager of a private bank)

In case of a **new strategy** that would improve the private banking service it is easier to convince clients about the acquisition process. It should be ensured that the acquirer and acquiree have a compatible company structure (e.g. acquirer and acquiree are private banking providers instead of when a retail bank acquires a private bank).

“There is a difference if a bank gets normally acquired e.g. Rabobank states we will sell the unit because it does not fit to our business as we are a large bank from The Netherlands and an exclusive private bank does not fit to our strategy. This would be, depending on the acquirer, an advantage. A competitive advantage because often they have to confirm during discussions: Is the bank independent, how strong is the influence of the Rabobank? They have to explain this every time in interviews [...] or if I am forced to sell a bank something totally different.” (P6, CEO and reliable partner of an asset management company; private banking and financial market expert)

Some clients understand that the current market situation is difficult for banks and that acquisitions are necessary for banks to strengthen their position in private banking. As already mentioned, an acquirer acquires a target to strengthen its market position by acquiring the target’s customer base, product and/or brand (Frankel, 2005). This means

#### IV. ANALYSIS AND DISCUSSION

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that depending on the current market situations (determinant macroeconomics) client have different expectations and perception during an acquisition.

“Under normal circumstances yes but these days it is a bit different. There are a lot of banks that were good banks in the past that had capital. They had a fantastic reputation for years but for the times we are in it is difficult for them now.” (P14, client)

As already mentioned, relationship managers might be able to place the acquisition in a positive light by strengthening the advantages of an acquisition. Hence, it confirms the strong influence of the relationship manager on private banking consumer perception during an acquisition due to the relationship. Clients tend to accept the acquisition if this is in line with the current strategy and strengthens the bank.

“We have already stated to our clients in Brazil that we want to grow and that the best possibility is to do this with large bank X because of the good infrastructure, access to research databases that we did not have before. [...] by mentioning these points clients confirmed that it made sense.” (P8, assistant for relationship managers (assistant vice president))

“As we got acquired by large bank X, clients were shocked. We had to convince the client by stating that we have a strong partner, now. [...] we had to place it in a positive light.” (P13, director and relationship manager of a private bank)

“Today there is a ten billion limit. We as a bank are clearly below this limit and we need to be able to offer special things in terms of skills and specialities if we want to remain a boutique. There is additional know-how and resources as well as cooperation in specific cases.” (P12, lawyer of a private bank)

The explanation provided by P12 means that an acquisition is used to achieve returns to scale so that small banks are still able to operate profitably. Currently, experts state that the limit of financial service providers is 10 billion assets under management to be able to work profitable. P12 claims that the limit does not need to be reached in case of a mother house that has 10 billion assets due to the returns to scale. This might be

#### IV. ANALYSIS AND DISCUSSION

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perceived positively by the client and, hence, influences the perception of the consumer.

Importance was given to the cultural background of the acquirer. It is preferred that the acquirer has the same cultural background so that it fits to the current company culture.

“It could be that clients are concerned about the fact that a bank is acquired e.g. by HSBC as they state this is a Chinese bank. I do not want to work with them. I prefer to change to another bank.” (P1, asset management advisor private banking (assistant vice president))

“The success or failure of an acquisition e.g. German large bank and German private bank or French and German is more difficult as the first one is not a cultural clash.” (P6, CEO and reliable partner of an asset management company; private banking and financial market expert)

“I was happy that we got acquired by a German bank and not by a French or American bank. This would not work for the clients. A large German bank has the same philosophy as a German private bank that is logical for everybody.” (P13, Director and relationship manager of a private bank)

Existing literature also mentioned the cultural fit as being the most critical factor during the acquisition process (KPMG, 2004) and most under achievements of acquisitions result from the problems of cultural fit (Hellriegel et al., 2007; Johnson et al., 2006; KPMG, 2004). As business models and/or organisation routines are different in each organisation it leads to a collision of different cultures (Johnson et al., 2006) but those literature sources did not state in detail the problems of different culture. Implicated from the participant statements it is easier to talk and communicate to people in their own culture. Furthermore, it seems to be that relationship managers and clients tend to not accept an acquirer with another cultural background. In addition to that, it is important that the new company structure is compatible to the acquirer and acquiree. It is important that the background of the acquisition is communicated by the acquired bank.

“If the philosophy of the company is totally different now, this would have been a reason and negative.” (P4, client)

“Explain the background fast and to state it fits to the strategy is better than if the client reads it in a newspaper.” (P1, asset management advisor private banking (assistant vice president))

“I think that the company that gets acquired has a similar or equal philosophy, like e.g. private bank Z is important. If both companies make an acquisition they should not be like black and white.” (P13, director and relationship manager of a private bank)

Depending on the reason and background/context of the acquisition it is easier or more difficult to convince the clients and influence their perception. Therefore, the context of the acquisition is of paramount importance and depends on the decision of the management (new strategy, e.g. influence on independence).

#### **Improving private banking consumer perception during an acquisition process**

It was investigated that the "communication strategy" is very important during an acquisition process. The following section consists of an analysis and discussion of the interviewees' statements how customers should be informed by the bank and how an acquisition process should look like to be able to retain private banking clients. This part of the analysis is useful as a rough guideline for companies during their acquisition process and, hence, is an important contribution to practice.

Public limited companies need to announce the acquisition in the press and can then inform their clients.

“On Sunday the change of the bank, the acquisition, should be published. On Monday morning all banking staff should inform the clients and inform them via a letter.” (P5, branch manager of an asset management company)

#### IV. ANALYSIS AND DISCUSSION

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It is necessary to convince the relationship managers of the benefits gained with the acquisition. The relationship managers with the most assets should be selected and get convinced by the management in a meeting.

“I have to select the relationship managers as I have to win them as a bank. [...] I need to convince them that they have the following benefits and if clients are retained you will gain a compensation package. [...] I need to place them in small groups and including key accountants, single relationship managers that are important for the opinion of a specific group.” (P6, CEO and reliable partner of an asset management company; private banking and financial market expert)

To inform the clients must be done in time which means as soon as possible. This is mandatory to calm down the customer and to provide security. The communication should be done pro-active and as soon as possible by the relationship manager or by the head of department of the relationship manager. Hence, for clients it is important to get informed.

“If I inform the client directly, he will be relieved otherwise he is uncertain. And the trust will suffer. If he knows that the bank will be rescued he will be relieved.” (P1, asset management advisor private banking (assistant vice president))

“It must be communicated pro-actively and as soon as possible with a letter from the head office or from the relationship manager.” (P2, COO and reliable partner of a private banking provider)

“Clients expect to get enlightened. He expects to get an explanation why this happened, does it make sense? [...] the longer you wait the worse it will get because the company will lose trust. [...] As our bank was acquired our clients heard the rumours [...] then you have to explain that the acquisition makes sense because of synergistic effects or whatever.” (P8, assistant for relationship managers (Assistant Vice President))

#### IV. ANALYSIS AND DISCUSSION

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“I would like to get informed by my relationship manager or his head of department.” (P11, client)

“I would probably expect some communication from the relationship manager or the bank themselves. But it depends on the bank. If the bank has twenty or thirty thousand customers it's very hard to contact them all personally.” (P14, client)

The relationship managers need to convince the clients in a consultation process about the benefits of the acquisition. This could include new products or investment possibilities offered by the acquirer.

“The best way is to have a private discussion with the client and to convince the clients of the benefits and to state that these can be an advantage.” (P6, CEO and reliable partner of an asset management company; private banking and financial market expert)

“It could be interesting because of products offered by the large bank X. E.g. a plane lease or it is easy to get investment loans or guarantees.” (P10, Relationship manager of a private bank)

It is important that the communication is honesty.

“During the acquisition we must be as transparent to the client as we are transparent to each other” (P12, lawyer of a private bank)

Further, relationship managers should increase their accessibility; hence, clients are able to contact them and to state questions. This reduces the client's uncertainty and is especially important for cross-border clients.

“It is important that the communication is correct. From Brazil or South America he is not able to reach the bank in two or three steps. He must rely on the telephone and he is not able to see something and is uncertain. He cannot estimate the situation [...] therefore it is important that he can talk to a person

#### IV. ANALYSIS AND DISCUSSION

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that he can access any or nearly any time to state questions.” (P8, assistant for relationship managers (assistant vice president))

The following figure consists of an illustration of the steps required during an acquisition process to be able to keep a positive private banking consumer perception. As already mentioned, importance is given to the communication strategy of the organization.

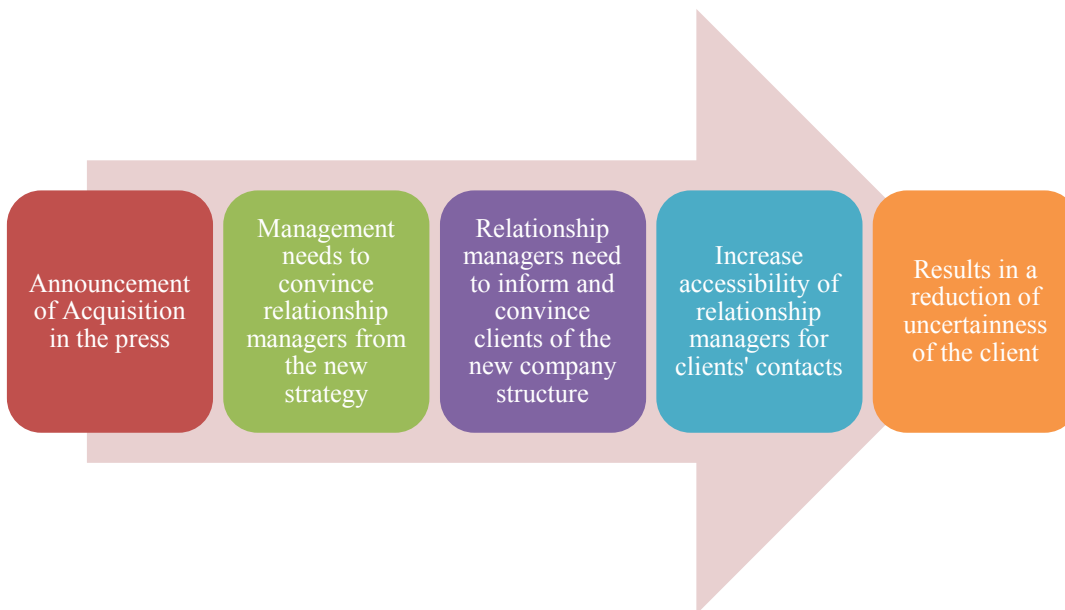


Figure 41: Steps during an acquisition to keep a positive private banking consumer perception



**4.6 Summary the influence of acquisition of a private banking service provider on private banking consumer perception**

The following table is a summary of the last section and consists of the most influenced determinants or categories of private banking consumer perception by an acquisition as well as a description of the main points. Please note that it was discovered that an acquisition can influence all determinants of private banking consumer perception. Clients evaluate which determinant might have changed due to the acquisition process.

<b>Determinant/ Category</b>	<b>Description/Explanation</b>
<b>Individuality/ Independence</b>	<ul style="list-style-type: none"> <li>- Clients of independent private banks and private banking service providers are concerned about the loss of individuality and independence.</li> <li>- Independence is crucial for covering the individual needs of private banking consumers</li> <li>- It is important to be independent from the large bank (acquiree) for private banks as otherwise the private bank might be used to distribute the products of the large bank</li> <li>- It might be very difficult for the acquired large bank to remain fully independent and depends on the company structure and strategy</li> </ul>
<b>Relationship</b>	<ul style="list-style-type: none"> <li>- It is important for clients to keep the same relationship manager during an acquisition process for clients. If the relationship manager leaves it is very likely that the client leaves, too</li> <li>- Further, relationship managers are able to provide persistent perception to the clients. Hence, it is very important to keep the relationship manager during an acquisition process</li> </ul>
<b>Credibility</b>	<ul style="list-style-type: none"> <li>- The image and reputation of the bank might be influenced depending on the reason of the acquisition</li> <li>- The relationship manager might be able to place the acquisition in a positive light by highlighting</li> </ul>

#### IV. ANALYSIS AND DISCUSSION

<b>Determinant/ Category</b>	<b>Description/Explanation</b>
	advantages of the acquisition process which results in keeping a positive reputation of the bank
<b>Communication</b>	<ul style="list-style-type: none"> <li>- It is necessary to inform clients during an acquisition process as soon as possible about the major changes. This is necessary to eliminate the rumours on the market about the acquisition process and to take away clients' insecurity.</li> <li>- If during an acquisition the communication is not working properly, relationship managers will leave the bank, and, with them the clients. This might lead to a failure of the acquisition objectives. Hence, communication is a key driver that might decide about failure or success of an acquisition process.</li> </ul>
<b>Products</b>	<ul style="list-style-type: none"> <li>- The acquisition process influences the private banking client perception in terms of products. Clients might be afraid that their products will be worthless if the issuer is bankrupt.</li> <li>- The acquisition might change the portfolio strategy due to the acquirers' products. Especially the distribution of products from the acquirer via the acquiree might be forced.</li> </ul>
<b>Security</b>	<ul style="list-style-type: none"> <li>- Clients were worried of the security during an acquisition in terms of their assets and liquidity of the bank because of certain products (derivatives) which are worthless if the bank is bankrupt</li> <li>- Clients find it important that account details remain at the private bank and not are transferred to the acquirer.</li> </ul>
<b>Context of an acquisition</b>	<ul style="list-style-type: none"> <li>- Depending on the <b>reason of the acquisition</b> it might be easier or harder to convince the client of the positive aspects of an acquisition               <ul style="list-style-type: none"> <li>o It was confirmed that the acquisition due to a bankruptcy of the acquiree influences the consumer perception negatively in terms of image/reputation (credibility).</li> </ul> </li> </ul>

#### IV. ANALYSIS AND DISCUSSION

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<b>Determinant/ Category</b>	<b>Description/Explanation</b>
	<ul style="list-style-type: none"><li>- <b>Process of acquisition</b> has an important influence on the perception<ul style="list-style-type: none"><li>o Relationship managers might be able to place the acquisition in a positive light by strengthening the advantages of an acquisition</li><li>o Relationship managers must be kept as they own the relationship with the clients</li><li>o Information about the acquisition should be provided fast to avoid rumours and insecurity</li></ul></li><li>- Clients tend to accept the acquisition if it is in line with the current <b>banking strategy/structure</b> and strengthen the bank<ul style="list-style-type: none"><li>o It is preferred that the acquirer has the same cultural background so that it fits to the current company culture</li><li>o It is important that the new company structure is compatible to the acquirer and acquiree</li><li>o The acquirer remains as an independent unit is positively perceived by the clients</li></ul></li></ul>

Table 14: Summary of the influence of an acquisition on private banking consumer perception

IV. ANALYSIS AND DISCUSSION

The following table displays a summary of the number of participants that confirmed (+), did not confirm (-), neither confirmed nor did not confirm (O) a determinant that is influenced by an acquisition.

		Access	Communication	Competence	Courtesy	Credibility	Emotional/ Social values	Independence/ Individuality	Macroeconomics	Price	Products	Relationship	Reliability	Security	Understanding the customer	
Interviews	P1					+	+	+			+	+		+		
	P2	+	+			+		+				+		+		
	P3					+	+	+		+	+	+		+		
	P4		+	+		+		+				+		+	+	
	P5	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+
	P6	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+
	P7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	P8		+			+		+				+	+		+	
	P9		+					+				+				
	P10		+			+		+	+		+	+		+		
	P11		+	+		+		+			+	+			+	
	P12		+	+				+				+				
	P13							+			+	+	+	+		
	P14		+			+		+	+	+		+				

Table 15: Participants and determinants influenced by an acquisition declaration matrix

Figure 42 consists of a column chart that summarizes participants that confirmed or did not confirm the influence of an acquisition on specific determinants of private banking consumer perception. From the chart it is obvious that the most affected private banking consumer perception determinants during an acquisition are relationship and independence, followed by communication, credibility and security. Hence, banks need to ensure during and after an acquisition process that consumers perceive these determinants as fulfilled or exceeded in terms of consumers' expectations.

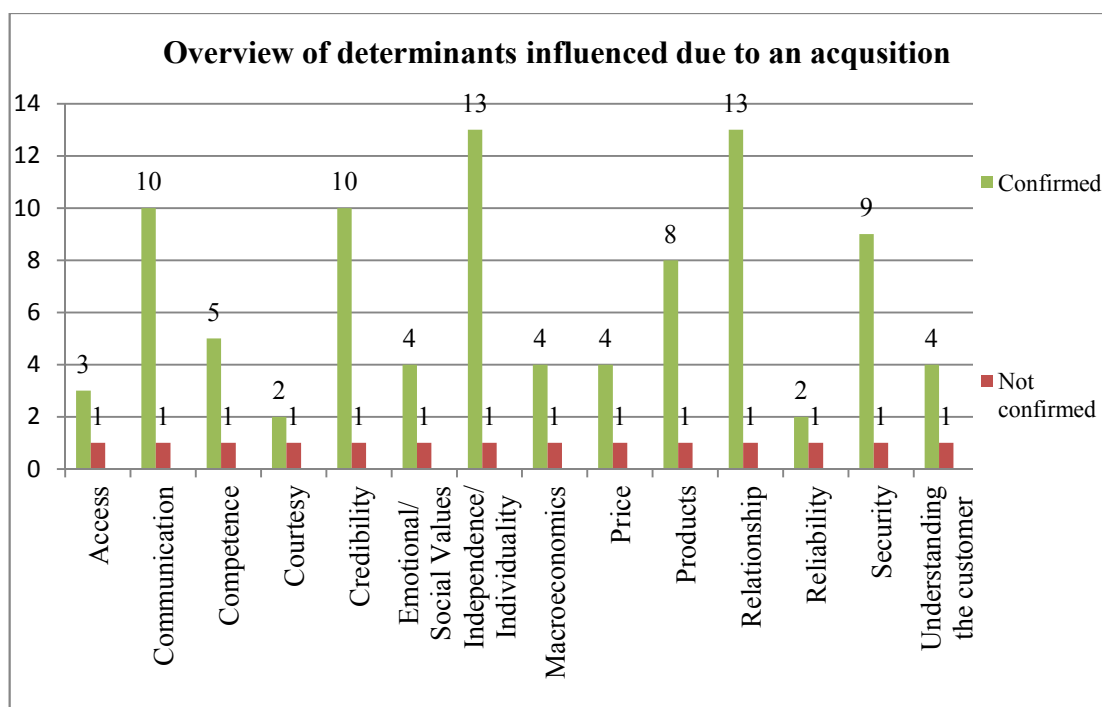


Figure 42: Overview of private banking consumer perception determinants influenced due to an acquisition

Figure 43 shows the number of participants that agreed, did not agree or neither agreed nor did not agree to questions that are important for the context of an acquisition. The majority of participants confirmed these questions which mean that the context of an acquisition is important and, hence, strongly influences the perception of a private banking client.

P7 was the only participant that did not confirm the influence of an acquisition on private banking consumer perception as the relationship manager remains and as the strategy of the bank remained unchanged. This highlights the importance of personal relationships in private banking especially during an acquisition process and the importance of the new company strategy dictated by the acquirer.

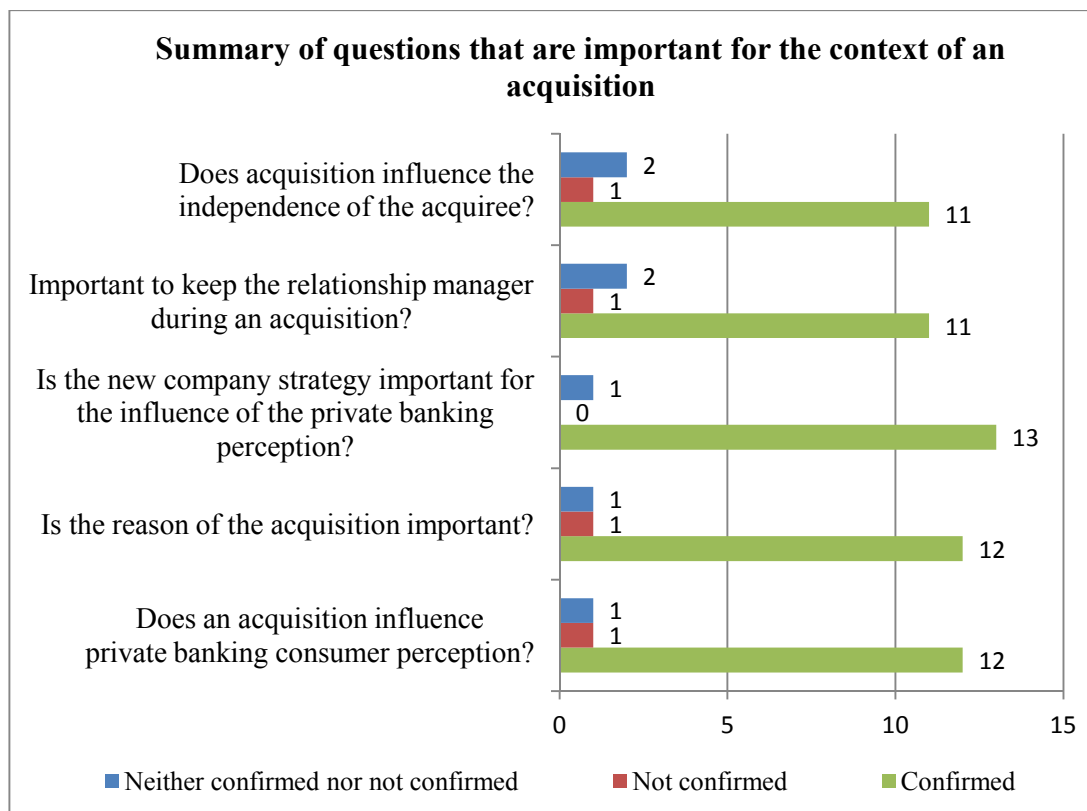


Figure 43: Summary of questions that are important for the context of an acquisition

The third research question of the present thesis is

RQ3: “Does the acquisition of a private banking service provider influence private banking consumer perception?”

This research question can be answered as followed: From the analysis and discussion of the semi-structured interviews, it is confirmed that an acquisition can influence private banking consumer perception depending on the context of an acquisition, especially on the new company strategy/structure (independence of the acquiree, keep relationship managers, cultural background of the acquirer), the reason of the acquisition (bankruptcy of the acquiree) and how the acquisition process is done (information provided to the client, placing acquisition in a positive light). As mentioned by P7 there were no changes during his acquisition process as the structure of the company as well as his relationship manager remained. All in all, the impact of an acquisition on private banking consumer perception depends on the context and varies. As a result of these findings, the third research objective can be successfully confirmed:

#### IV. ANALYSIS AND DISCUSSION

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RO3: “To examine to what extent, if any, acquisition influences private banking consumer perception”

### 4.7 The model of private banking consumer perception

From the results of the systematic literature review and the analysis and discussion of the primary data gathered by the second section of the semi-structured interviews, the conceptualized model of private banking consumer perception was refined and the final model of private banking consumer perception was created.

As stated, an acquisition influences private banking consumer perception. The acquisition itself is influenced by the new strategy dictated by the acquirer and on the reason of the acquisition as well as on the acquisition process itself.

It was found that the most influential determinants in an acquisition are

- **communication** (if during an acquisition the communication is not working properly, relationship managers will leave the bank, and with them the clients),
- **credibility** (the image and reputation of the bank might be influenced depending on the reason of the acquisition),
- **individuality/independence** (clients of independent private banks and private banking service providers are concerned about the loss of individuality and independence advice in terms of investment decisions),
- **products** (clients might be afraid that their products will be worthless if the issuer is bankrupt),
- **relationship** (it is central to keep the relationship manager during an acquisition process because the relationship managers are able to provide persistent perception to the clients) and
- **security** (clients find it indispensable that account details remain at the private bank and are not transferred to the acquirer).

Therefore, banks need to ensure, during and after an acquisition process, that consumers perceive these determinants as fulfilled or exceeded in terms of consumers'



#### IV. ANALYSIS AND DISCUSSION

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expectations. Apart from that the context of the acquisition is crucial and influences the perception of the private banking consumer.

It was already mentioned that the number of mergers and acquisitions is increasing. Therefore, the current model innovatively informs the work of private banking relationship managers. By reflecting on and applying the present model they are able to understand the private banking consumer perception process and the influence of an acquisition. The model displays the most influential determinants by an acquisition. Further, it is displayed which actions must be undertaken if clients perceive these determinants not be fulfilled (e.g. to undertake internal training). These aspects will be discussed in subsection 8 in more detail.

In addition, the present research shows that current private banking consumer perception models are not complete without taking mergers and acquisitions into account. On the one hand, the number of "classic" private banks is constantly decreasing and, on the other hand, the number of mergers and acquisition of private banking providers is increasing. Large banks acquire these banks to expand market shares or strengthen their market position. Furthermore, acquisitions are used to achieve economies of scale so that small banks are still able to operate profitably. Currently, experts state that the limit of financial service providers to be able to work profitably is 10 billion assets under management. Due to the benefits of economies of scale the number of mergers and acquisitions in private banking is anticipated to increase even more in the future.

The customer related aspects, like the determinants, expectations and perception process are displayed in green colour. Company related aspects are coloured in orange. Determinants that emerged deductively are displayed in bold.

IV. ANALYSIS AND DISCUSSION

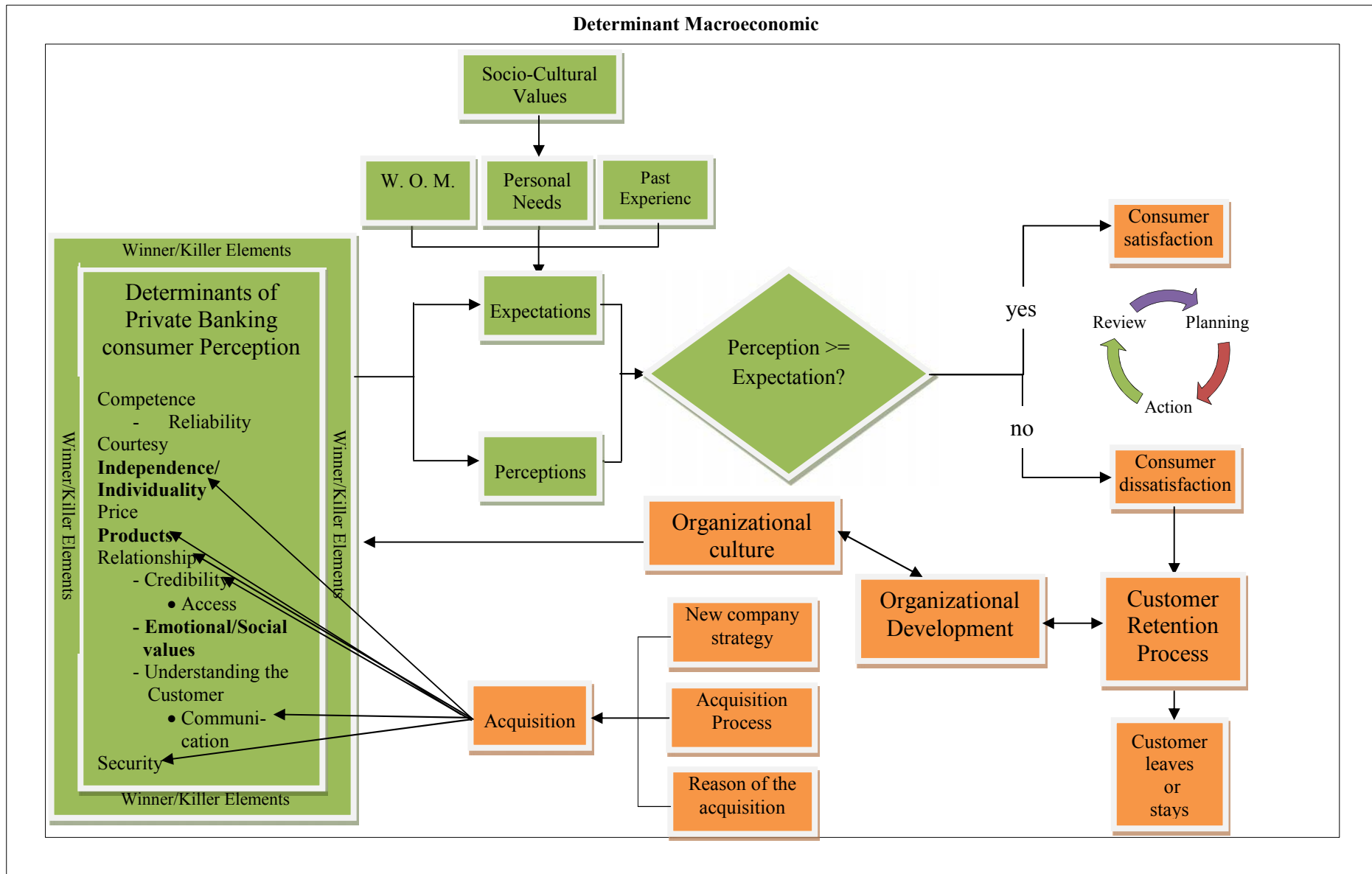


Figure 44: Final model of private banking consumer perceptions

#### IV. ANALYSIS AND DISCUSSION

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Finally, research objective four was successfully be achieved:

RO4: “The creation and validation of a model of private banking consumer perception by empirical research”

##### **5. Implications on current theory**

During the systematic literature review it was explored that only limited literature sources focused on the private banking consumer perception. In particular the work of Galasso (1999) provided very detailed information especially about service perceptions, pricing and training and recruitment of staff of the Swiss market.

As no literature was found which explained or dealt with the factors of private banking consumer perceptions the present research is a new contribution to research. Although a lot of literature confirmed the importance of long-term relationships in banking (Bruhn et al., 2009; Bátiz-Lazo et al. 2008; Roberts & Campbell, 2007), especially in private banking (Abratt & Russell, 1999; Akerlund, 2005), further important determinants (independence/individuality, macroeconomic, emotional social values and products) and aspects were discovered that influence and form private banking which increase existing research.

Existing literature did not mention the important difference in terms of independent and individual advice between large banks and independent private banks/asset management companies. Large banks sell their own products to create commission and asset management companies sell best-in-class products. To sell only or primary own products can damage or destroy the relationship between the relationship manager and client. Further, clients perceive the push selling strategy undertaken by large banks as untrustworthy.

None of the literature dealt with the changes of private-banking client perceptions due to an acquisition. Only one study was found which dealt with the changes of consumer perceptions but in retail banking and due to a merger. Further research was undertaken in this area which is important as more and more banks, especially private banks, are being acquired by large banks. It was confirmed that acquisition can influence the perception of the consumers. Summarized, those changes depend on the context of the acquisition, the new company structure and the acquisition process itself.

Furthermore, existing literature did not include communication procedures to improve the acquisition process in private banking and to retain clients. From the gathered primary data a procedure was created that improves the perception process of the

#### IV. ANALYSIS AND DISCUSSION

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private banking consumer and allows the private banks to retain clients during an acquisition process.

The current literature neither consisted of a model of private banking consumer perception that incorporates the acquisition nor of any other model of private banking consumer perception. The visualisation of the private banking consumer perception process increases existing research.

**6. Contribution to practice**

It is a very important step to relate how the meaning of the current research applies to the real world of business because business and management research are often related to professional practice. To display and explain how research findings affect the organisations and, in turn, how these effect relationships between the actions of the organisation and their results, the findings were aligned to the EFMD excellence model (please see below) criteria.

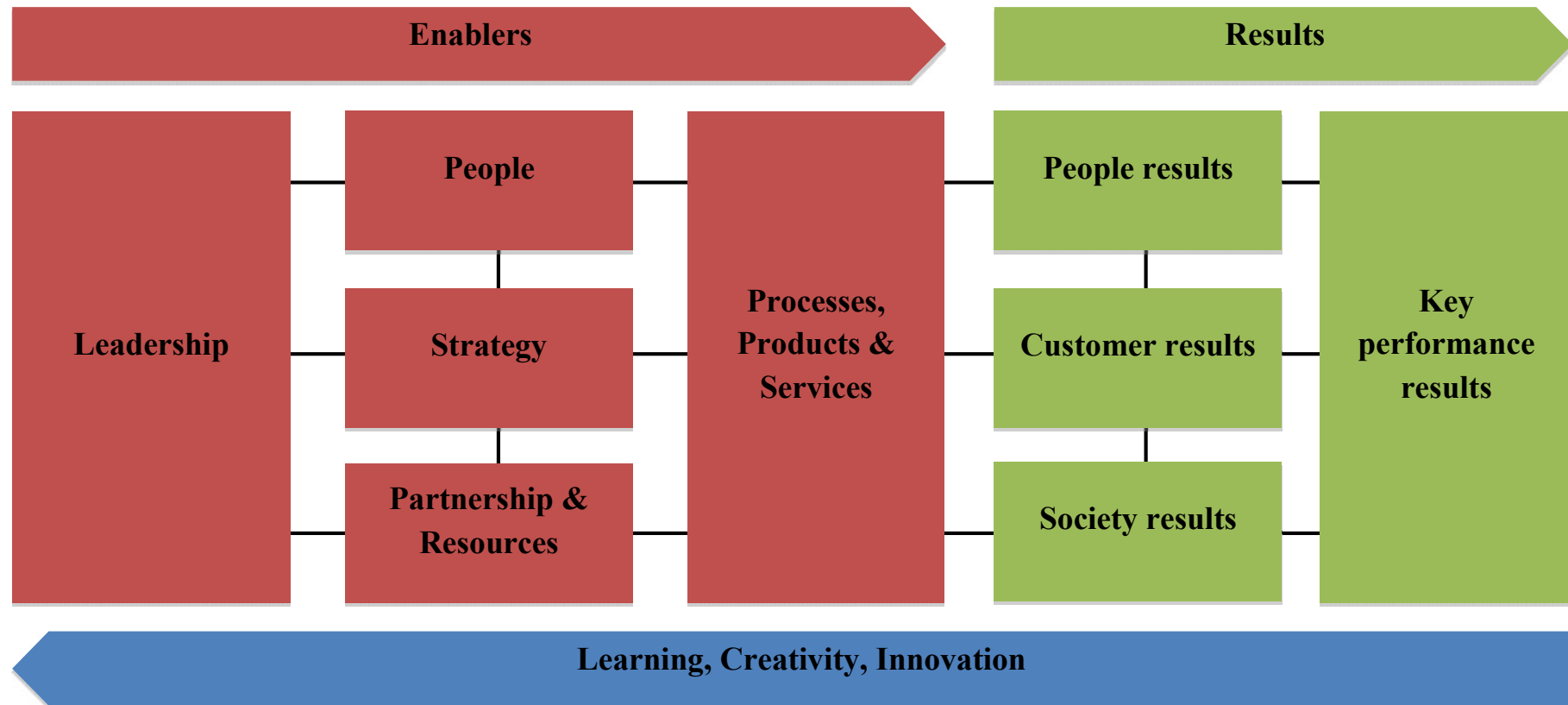


Figure 45: EFQM excellence model (EFQM, 2012)

##### *Leadership*

The constructed model of private banking consumer perception is important for leadership and, therefore, a contribution to practice. The model can be used by private banking managers to understand private banking consumer perception in general and the influence of acquisition on the private banking consumer perception in particular. The model consists of determinants as well as further factors that influence the private banking consumer perception process and how consumer satisfaction is achieved. Determinants are defined as categories that consist of different criteria used by the consumer to evaluate a perceived service (Parasuraman et al., 1985). Therefore, the list of determinants gathered by primary data is very valuable for private banking providers as those determinants are significant for the expectations and perceptions of the private banking clients. In addition to that, the characteristics (hints and difficulties) that are associated with certain criteria are highlighted in Table 14. Those characteristics are very useful for banks to understand and fulfil the expectations of a determinant. Banks need to adapt these determinants to their enterprise and it helps them to understand the expectations of their consumers and the possibility to, at least, fulfil expectations which leads to the perception of satisfaction. This allows leaders to better define private banking consumer expectations and to align the company visions, missions, and values.

Furthermore, after a company has defined its killer/winner elements, the model helps private banking service providers to develop and create efficient internal (e.g. training of staff) and external (e.g. promotion) marketing methods to keep persistent perception. Internal marketing is important for organizational culture, strategy, structure and process. During an acquisition process banks need to be able to undertake their marketing (internal and external) to keep the right culture in place and to present the bank to the clients.

Apart from that, leaders should act as a role model in terms of behaviour, values and ethics. This is especially important during bad market periods. As investigated by primary data, emotional involvement in terms of investments decisions exists, on side of the consumer and on the side of the relationship manager. This emotional involvement leads to pro-cyclic which further results in a bad customer portfolio performance. This means, clients begin to sell their assets in bad market periods and gain losses or less value as they might get during good market periods. If leaders are able to communicate

#### IV. ANALYSIS AND DISCUSSION

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correctly in difficult market situations and are able to calm their relationship managers down, the relationship managers keep a clear head and are able to better support their clients in terms of investment decisions.

##### *People*

To achieve the company's vision, missions and values as well as to create an organizational culture, it is essential to train staff. It was researched that competence of the relationship manager is very important for private banking consumers. Relationship managers need to have a broad knowledge on terms of tax, fees, investments as well as knowledge about banking procedures. In addition to that financial behaviour training is useful for relationship managers as they are able to ask appropriate questions of their clients as this increases their customers' understanding and leads to a better fulfilment of their needs. This means they can better understand their customers' financial behaviour, especially in bad market periods, and are able to influence this behaviour which might result in an increased portfolio performance.

Further, the gathered primary data revealed that the relationship between the relationship manager and client is of high importance. Relationship managers create a strong personal relationship to their clients which was often described as a friendship. A loss of a relationship manager leads to a loss of clients as most clients leave the bank with their relationship manager. Hence, it is important for organisations to keep their relationship managers satisfied and motivated as this results in less client churning and higher client satisfaction.

Resulting from the primary data, the most influential determinants during an acquisition process are communication, credibility, individuality/independence, products, relationship and security. The model of private banking consumer perception, as a new contribution to knowledge, can be used by the management and the RM to understand the influences of the acquisition on the private banking consumer perception. The following training guide line, as a further contribution to practice is useful for managers to keep their clients satisfied during an acquisition. Clients can be retained during an acquisition process by retaining the relationship managers as the personal relationship between relationship manager and client (determinant relationship) is of high importance. However, during or, preferably before an acquisition process it is necessary



#### IV. ANALYSIS AND DISCUSSION

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to prepare (train) the relationship managers to achieve and improve client retention. This aspect is considered in the model as well. As stated by P6, in the first instance, it is very advisable to convince the relationship managers who are important for the opinion of a specific group.

“I have to select the relationship managers as I have to win them as a bank. [...] I need to convince them that they have the following benefits and if clients are retained you will gain a compensation package. [...] I need to place them in small groups and include key accountants, single relationship managers that are important for the opinion of a specific group.” (P6, CEO and reliable partner of an asset management company; private banking and financial market expert)

Managers should undertake training with those "opinion leaders" in small groups as they are influential for the employees' attitude and motivation of the remaining relationship managers. The training should consist of a summary of the most important key points of the acquisition. Especially, the advantages of the new strategy should be highlighted. As discovered during the analysis and discussion chapter, it might be possible to put the acquisition in a positive light by emphasizing the advantages of an acquisition and the new strategy.

“As our bank got acquired by large bank X, rumours were spread around and clients have time to read this in newspapers before the acquisition was announced. They asked what happened and whether we have any information? Then it is important to say that there are some changes because of synergistic effects or something like this.” (P8, assistant for relationship managers (assistant vice president)

“As I started in this bank ten years ago, the foundation of the private bank Y in 17XX was a very stable and inspiring number. Long-time banking and as it happened with the partners and the bank was acquired by large bank X, client were amazed. It was necessary to invest in the sense of the acquisition that we have a stronger partner with large bank X. We had to put it in a positive light.” (P13, director and relationship manager of a private bank)

#### IV. ANALYSIS AND DISCUSSION

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Further, a list of client sample questions should be created which consists of the most likely questions that might be asked by the clients. The answer to these questions should be trained in small groups. In addition to that, the management should decide to inform pro-actively (determinant communication) as it was discovered that proactive communication results in trust (determinant credibility). In the next step, the remaining relationship managers should be trained similarly to the training of the opinion leaders. The training of the relationship manager influences the organizational culture as the training may change the beliefs, values and behaviour of staff. Apart from that, the management needs to create compensation packages for the retention of clients so that relationship managers are motivated to retain their clients. Further, depending on the relationship manager's client retention success rate (number of clients retained) promotions should be offered (e.g. to promote a relationship manager to senior relationship manager) which increases the motivation of the relationship manager even more.

##### *Strategy*

The present research revealed that small private banks and asset management companies have a very important advantage compared to large banks: Large banks sell their own products to create commission and asset management companies sell best-in-class products (as they often do not have their own products). It was revealed that non-independent services may damage or even destroy the relationship between client and relationship manager. Hence, small asset management companies and private banks without their own products hold of a competitive advantage in terms of independent advice. These types of service providers should try to benefit from this advantage by highlighting this difference in service to their customers and achieving higher customer satisfaction due to their independent and individual service. This leads to positive word-of-mouth marketing, and, in turn, to further prospective clients. Therefore, private banking providers should ensure that their advisory strategy is as much as possible independent and individual.

If a small private banking provider without its own products gets acquired by a large bank it will be very important for the acquiree to keep its independent and individual advice. As mentioned, the determinant independent/individuality is often influenced by an acquisition. Often, the acquirer uses the acquiree as a channel to sell their products

#### IV. ANALYSIS AND DISCUSSION

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which might result in a loss of trust. Hence, managers of the acquiree need to convince the acquirer that the private banking company should keep its independence.

Apart from that, long-term relationship was investigated to be a very important determinant in private banking. By focusing on personal long-term relationships in private banking, private banking service providers are able to reduce the costs as the acquisition of new clients is much more expensive than to retain existing ones. Further, the steady income of existing clients allows private banks to undertake better financial long-term planning.

Apart from that, it was researched that in terms of an acquisition of a private banking provider the strategy as well as culture of the acquire and acquirer should fit. It was revealed that clients do not like the influence of foreign culture in their private banks. Therefore, managers should evaluate if the acquiree's and acquirer's strategy and culture are compatible with each other.

Furthermore, in terms of an acquisition of private banking provider strong leadership is required. During the analysis of the primary data it was explored that the communication strategy is very important during an acquisition process. The author developed a communication procedure from the primary data which is useful to improve the acquisition process in private banking and to retain clients. This procedure improves the perception of the private banking consumer during an acquisition process and is useful for private banks to retain clients.

##### *Partnership & Resources*

The planning and control of financial resources is very important, especially in private banking. It was revealed that the reason for an acquisition is very central. To be more specific, it was stated that an acquisition due to a bankruptcy of the acquiree has a bad influence on the perception of the consumers as banks should be able to keep house.

The primary research revealed that the price has a strong influence on private banking consumer perception. Commission and fees are often not transparent. Therefore, private banking provider should make the fees and commission as transparent as possible. In

#### IV. ANALYSIS AND DISCUSSION

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addition to that, private banking providers should negotiate the fees with their product suppliers (e.g. funds managers) of the products to reduce the costs for the clients.

From the research data it was revealed that it is essential in private banking to have a proper backup person in place. Organisations need to ensure that especially the relationship managers have a backup person who is known by the clients and that this person can deal with all the client issues as well. Although these might cause additional resources, private banking clients rated the access, including a proper backup person, as important. Hence, a proper backup person increases the customer satisfaction.

##### *Processes, Products, Services*

As already mentioned, the present research explored that private banks have advantages as they are not using push selling to distribute their own products, and, hence, they offer more individual and independent advice. Large private banking providers need to elaborate new selling strategies which allow independence and individual advice and service. Hence, to offer products from other companies can result in an advantage as relationship managers are able to select best in class products which results in better portfolio performance and higher customer satisfaction.

It was unfolded that every bank must define which determinants are winner or killer elements. Furthermore, some determinants cannot be directly identified as winner or killer elements, neither by the bank nor by the customer. These determinants need to be uncovered by the bank. Determinants that are identified as killer elements should be changed with care. A lack of or change of those determinants can lead to a loss of clients. Especially during an acquisition process this process is important as some banks might need to or have to change their banking processes due to an acquisition. To avoid customer turnover, determinants that are killer elements need to be identified and should not be changed, if possible, otherwise this leads to client dissatisfaction and, finally, to client turnover.

##### *Customer results/satisfaction*

The determinants gathered in the present thesis are a good starting point to evaluate the expectations of the consumers and their perceptions. Meeting or exceeding customers' expectation results in satisfaction. As stated, customer satisfaction should be measured

#### IV. ANALYSIS AND DISCUSSION

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frequently. As displayed by the model of private banking consumer the results should be used to undertake, plan and act to improve customer satisfaction. It was stated by interview participant (P6) that a consumer satisfaction measurement should be created that can be used to measure satisfaction without getting on the nerves of the client.

##### *People results/satisfaction*

As mentioned, there is a strong relationship between the private banking consumer and the relationship manager. Client turnover can be reduced by retaining the relationship manager. Hence, it is important that relationship managers feel that they are being treated correctly and are satisfied.

##### *Society results/satisfaction*

The research revealed that the image of the private bank suffers if a bank goes bankrupt. It cannot be said how the satisfaction of the society can be measured as it was not part of the present research.

##### *Key performance results*

All the gathered results should be used to improve the organisation and its actions with the related stakeholders. This leads to “the learning organisation” which is an organisation that is skilled in two fields: First the organisation creates, acquires, uses, transfers and retains knowledge. Secondly it acts and modifies its behaviour to respond to the new knowledge it attains (Garvin & Edmondson, n. d.). As products, processes and services can be copied the way organisations and individuals learn may become the only sustainable competitive advantage. If you learn more rapidly than the competition then you can get ahead and stay ahead (Garvin et al., n. d.). Sustainable competitive advantage (SCA) is defined as a value-creating position that endures over time (Moore, 2008, p. 374). If companies do not learn as fast as the environment is changing they lose their sustainable competitive advantage. Hence, the learning organisation is very essential. Companies gain or maintain a sustainable competitive advantage by continuous learning and improvement.

As private banks gain commission based on the amount of money they manage (assets under management) this is an appropriate measurement to rate the performance of the

#### IV. ANALYSIS AND DISCUSSION

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relationship manager. The higher the assets under management a relationship manager is administrating, the higher his contribution is to company profitability.

In terms of an acquisition of a private banking provider it is required to use measurements like the number/percentage of clients retained during and after the acquisition process. It was explored to be one of the most useful figures to value the success of an acquisition.

### **7. Implication for further research**

#### **7.1 How can client satisfaction be measured?**

During the sixth interviews it was stated by P6:

“At the end of a discussion protocol the client satisfaction is evaluated by the relationship manager. It is a question of how to measure it without getting on the nerves of the client. This would be an interesting doctoral thesis: the measurement of client satisfaction.” (P6, CEO and reliable partner of an asset management company; private banking and financial market expert)

Although it was discovered how private banking consumer perception is influenced, it is necessary to research how the expectation and perception of the determinants can be measured. For private banking providers it is important that expectations are met so that clients perceived the private banking as satisfactory. In addition to that, efficient techniques must be developed to evaluate the client perception so that the customer does not feel annoyed. This must be analysed in further research.

#### **7.2 How can large banks provide independent and individual private banking?**

The determinant Independence/Individuality was not mentioned by any existing literature but discovered and confirmed by the present empirical research. As explored, large banks distribute primarily their own products via private banking services. This is perceived by clients neither as independent nor as responding to their individual needs but as untrustworthy. Relationship managers push sell bank internal products because they get commission and internal competition is rife which forces RMs to sell as many internal products as possible. The heart of private banking services lies in personal relationships and professional service (Abratt & Russell, 1999). By undertaking push selling strategies the relationship in private banking might suffer. Therefore, it is necessary for large banks that provide private banking to find new selling strategies which allow independence and individual advice and service. These methods must be analysed by further research.

### **7.3 What are the most efficient internal and external marketing tools for private banks?**

The present research investigated the determinants of private banking consumer perception and confirmed that acquisition in private banking can influence private banking consumer perception. From those findings the research constructed a model of private banking consumer perception. This model is useful for companies to understand private banking consumer perception and it can help to develop and create efficient internal and external marketing methods. Which marketing methods are most suitable for banks cannot be said and need to be analysed by undertaking further research.

### **7.4 How can returns of scale be achieved by acquiring private banks?**

It was researched that during an acquisition as little as possible should be changed that is visible for the clients. In the first instance, this means that the front-office service should be changed as little as possible because this is the face of the bank for the clients, consisting of the relationship managers. In how far the back offices (consisting of the financial products, bookings, etc.) of the bank can provide returns of scale by keeping the independence of the acquiree must be analysed by further research.

### **7.5 Different regulations of private banking providers**

During the first observation it was stated by S4:

“Independent financial service providers are regulated by the trade office, and finally banks are regulated by the BaFin [Federal Finance Institute]. These are different benchmarks. No client has the chance to discover which constitution says what and by whom it is regulated.” (S4, head of asset management of an asset)

Financial service providers are regulated in a different way from banks. Whether this leads to different private banking consumer perceptions, could not be explored and needs the attention of future research. The present model of private banking consumer perception can be used as a starting point to discover the differences of the regulations and their impact on the consumer perception.



##### **7.6 Banks highly dependent on the relationship managers**

Primary data unfolded that the relationship between the relationship manager and client is of high importance as relationship managers create a strong personal relationship to their clients. Often, relationship managers and clients are friends. When a relationship manager leaves the bank, most clients leave the bank with the relationship manager. Hence, banks are highly dependent on the relationship managers. Appropriate methods should be undertaken to create a relationship between the bank and the client, too, to reduce this dependency. In how far this is possible and which methods could be used is questionable and must be discovered by further research.

## **V. SUMMARY AND CONCLUSION**

### **1. Introduction**

The conclusion is the final chapter and summarizes the main points from the analysis and discussion chapter derived from research, including the model of private banking consumer perception. It is shown how the data addresses the research questions. The weaknesses of the present research and the limitations will be identified. Implication of future research is given.

### 2. Summary of the main points

The topic under investigation “Private banking consumer perception and the influence of an acquisition” consists of three research questions (RQ):

RQ1: What are the determinants of private banking consumer perception?

RQ2: What is the definition of private banking consumer perception?

RQ3: Does the acquisition of a private banking service provider influence the private banking consumer perception?

In terms of RQ1 (What are the determinants of private banking consumer perception?) it was found through this research that private banking consumer perception consisted of 14 determinants:

- Access
- Communication
- Competence
- Courtesy
- Credibility
- Emotional/Social values
- Independence/Individuality
- Macroeconomics
- Price
- Products
- Relationship
- Reliability
- Security
- Understanding the customer

RQ2 (What is the definition of private banking consumer perception?) was answered by the following definition:

Private banking consumer perception defines how a private banking customer receives, selects and interprets information in private banking. This process is influenced by internal (determinants, expectations, needs) and external (context)

factors in which it is seen or heard. If the customer perceptions meet or exceed expectations, the expectations are confirmed and the customer is satisfied.

The third and last research question (RQ3: Does the acquisition of a private banking service provider influence the private banking consumer perception?) is replied as followed:

An acquisition can influence private banking consumer perception and depends on the context of an acquisition. Depending on the new company strategy, the reason for the acquisition and how the acquisition process is done, different private banking consumer perception determinants are influenced. If the banking strategy as well as the relationship managers are retained no changes during an acquisition process will be perceived by the clients.

A more detailed explanation about the research outcomes will be given in the following subsections.

### **2.1 The determinants of private banking consumer perception**

The primary research confirmed determinants by empirical research that were previously discovered by banking literature and discovered further determinants. All in all, 14 private banking determinants were gathered by empirical research:

#### *Access*

The review of existing literature mentioned that easy access to the bank is important (Abratt & Russell, 1999). The present empirical research discovered that the banking staff's availability is important especially during difficult market periods. High accessibility of contact personal creates trust. Therefore, the determinant access is part of credibility which consists of trust.

#### *Communication*

The systematic literature review stated the importance of frequent meetings with the client and the service provider (Akerlund, 2005). The primary data of the present thesis revealed that it is essential in private banking that the relationship manager adapts the communication to the knowledge of the client. Furthermore, pro-active communication

## V. SUMMARY AND CONCLUSION

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is expected by the clients in terms of problems. The type of questions is important to understand the customer correctly. Hence, communication is part of understanding the customer.

### *Competence*

Existing literature mentioned that banks need to ensure, especially during the credit crisis, to continually review their strategies, business models and route to markets to ensure that they are responding to customer expectations (Kailash, 2011). This is in line with the primary data findings. The determinant competence consists of the knowledge of the banking staff, especially of the relationship manager to perform the private banking service. The primary data also revealed that relationship managers must be able to produce clarity especially in difficult market situations and to be able to summarize information so that clients are able to make decisions due to this information. Clients perceive a relationship manager as competent if he is able to explain complex procedures well.

### *Courtesy*

Secondary data mentioned that smiling, eye contact and giving full attention is important in retail-banking (Roberts & Campbell, 2007). This goes in line with the primary data gathered as courtesy consists of the appearance and friendliness of the bank and staff. Further, primary data found that courtesy is seen as a precondition by the client.

### *Credibility*

The determinant "credibility" describes the trust of the client to her/his bank and relationship manager as well as the image of the bank. It was stated by existing literature that trust determines the strength and continuation of the relationship between the bank employee and the customer. Trust and friendship need a long time to develop and trust is the key factor to success (Gratwohl, 2011; Abratt & Russell, 1999). The primary data findings confirm this view. Trust was discovered as a crucial point especially for the relationship. In addition to that, the primary data found that the more a client trusts his relationship manager the easier it is for him to advise the client. Bad reputation occurs due to antinomian actions of the banking staff or clients and this

## V. SUMMARY AND CONCLUSION

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breaks down trust. Furthermore, long-term relationships consist of trust. Therefore it is part of the determinant relationship.

### *Emotional/Social values*

Emotional/social values were not mentioned by existing literature but discovered and confirmed by the present empirical research. Emotional/social values are important during the private banking consultation process as clients' investment actions are influenced by emotional involvement. The more the relationship manager can control the emotions of the client, the better the performance of the portfolio might be. This is due to the fact that the relationship manager can help the client to control their emotions and to sell and buy financial products a-cyclically (to buy investments in bad market phases and sell investment during good market phases) which leads to better performance. In addition to that the emotional/social skills are required by the relationship manager to create a personal relationship. Therefore, this determinant is part of the relationship.

### *Independence/Individuality*

Independence and individuality was not mentioned by existing literature but discovered and confirmed by the present empirical research. Independence/Individuality describes the degree how individual the service is tailored to the clients' personal needs. It was investigated that clients perceive the advices of asset management of relationship managers from large banks as not independent. Relationship managers get commission for selling their bank's own products. Hence, push selling is often used by large banks to distribute the banks own products. External asset management companies hold a competitive advantage as their advice is not dependent on commission but on assets under management (AuM) and, hence, their advice is independent.

### *Macroeconomics*

The determinant macroeconomics was not mentioned by existing literature but discovered and confirmed by the present empirical research. The determinant macroeconomics contains the influences of national banks, lawmakers/government as well as the political stability. This determinant is important for the diversification of the client portfolio and the risk awareness of the client.

### *Price*

## V. SUMMARY AND CONCLUSION

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Existing research mentioned that price must be chosen with a view to emitting the right quality signals especially as most of the clients valued the service in private banking as too expensive (Mogicato, 2008). The current thesis found by empirical research that clients tend to be more price sensitive in bear markets than in bull markets. The determinant price includes all fees, commissions and costs associated with the private banking service.

### *Products*

Products was not mentioned by existing literature but discovered and confirmed by the present empirical research. Products determinant not only includes products like funds, stocks but reports and statistics used to provide the private banking service. Some clients perceive specific products as untrustworthy and some as secure.

### *Relationship*

From the literature collated it was not clear whether the relationship between client and bank or the relationship client and relationship manager has a stronger influence on consumer perception. Sources stated that the relationship in private banking between bank and client is important (Akerlund, 2005; Bhalakrishnan, n. d.) and other sources stressed the importance of relationship on an individual/personal basis, between staff/relationship manager and client as important (Abratt & Russell, 1999; Bruhn et al., 2009; Gratwohl, 2011; Molyneux & Omarini, 2005). The primary data of the present thesis clarifies this point concerning the relationship between bank and client or relationship manager and client. The relationship between clients and relationship managers is very important and one of the key factors in private banking. Most clients and relationship managers define their relationship as a friendship. If a relationship manager changes bank it is very likely that the clients changes with him.

### *Reliability*

Reliability was mentioned by existing research as efficient and error-free banking (Bick et al., 2003). The primary data findings confirm this connection. Clients expect prompt response of service requests as well as fast and error-free execution of services. Further, the present research found that reliability is part of competence as a high level of competence is required to provide error-free service.



### *Security*

Gratwohl (2011) mentioned that a lot of clients perceive private banking as secure because this service offers them the possibility to achieve geographical investment diversification (Gratwohl, 2011). This was also confirmed by the empirical research. In addition it was found that determinant "security" consists of the security of the bank, assets as well as discretion. Lawmakers create policies to ensure security for both parties, for clients and for the banks.

### *Understanding the customer*

Secondary data found that relationship managers do not ask the right questions and do not respond to the clients requests (Piske, 2009). From the primary data gathered by the present research it was found that relationship managers must understand their clients by giving them individual attention. Lawmakers establish certain policies that ensure that clients are well understood.

### **2.2 The definition of private banking consumer perception**

It was no literature available that defined the term private banking consumer perception. With the data gathered in the present thesis the researcher was able to define the term private banking consumer perception. Private banking consumer perception defines how a private banking customer receives, selects and interprets information in private banking. This process is influenced by internal (determinants, expectations, needs) and external (context) factors in which it is seen or heard. If the customer perceptions meet or exceed expectations, the expectations are confirmed and the customer is satisfied.

The service is primarily characterised by a strong personal relationship between the relationship manager and the client that consists of individual as well as independent service. Additionally, there is an emotional involvement during this process that influences the decision of the consumer and, relationship managers can influence this involvement.

### **2.3 The influence of an acquisition on private banking consumer perception**

It has been noted that no existing literature dealt with private banking consumer perception there was consequently no literature on its connection with the influence of an acquisition. It was explored by empirical research that an acquisition can influence

## V. SUMMARY AND CONCLUSION

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all determinants of private banking consumer perception. Clients evaluate which determinants might have changed due to the acquisition process. The determinants of private banking consumer perception most influenced are communication, credibility, individuality/independence, products, relationship and security. Thus, banks need to ensure during and after an acquisition process that consumers perceive these determinants as fulfilled or exceeded in terms of consumers' expectations. Apart from that, the context of the acquisition is important and influences the perception of the private banking consumer.

### *Communication*

During an acquisition process it is important to inform clients as soon as possible about the acquisition and the associated major changes. This is necessary to eliminate rumours in the market about the acquisition process and to take away clients' insecurity. Poor communication results in a loss of relationship managers and, due to this, a lack of clients.

Further, to ensure a proper acquisition process the communication steps and strategy was discovered to be important. From the primary data findings a procedure was developed that should be used by companies as a guideline.

### *Credibility*

The image and reputation of the bank might be influenced depending on the reason for the acquisition. Relationship managers are able to place the acquisition in a positive light by highlighting advantages of the acquisition process which results in keeping a positive reputation for the bank.

### *Individuality/Independence*

The clients of independent private banks and private banking service providers are concerned about the loss of individuality and independence of their bank. It is important for these independent banks to remain independent from the acquiree as otherwise the private bank might be used to distribute the products of the acquirer. In addition to that, it was researched that it is difficult for the acquired bank to remain fully independent and it depends on the company's structure and strategy.

### *Products*

The acquisition process influences the private banking client perception in terms of products. Clients might be afraid that their products will be worthless if the issuer is bankrupt. In addition to that, the distribution of products from the acquirer via the acquiree might be forced.

### *Relationship*

To keep the same relationship manager during an acquisition process is very important for clients. If the relationship manager leaves the bank it is very likely that the client will leave too, as relationship managers have built up the relationship with the client and not the bank. Hence, banks need to ensure they retain the relationship managers to avoid customer base loss.

### *Security*

Clients were worried about security during an acquisition in terms of their assets and liquidity of the bank and they insisted that account details remain with the private bank and not are transferred to the acquirer.

### *Context of an acquisition*

In addition to the determinants it was discovered that the context of an acquisition influences the private banking consumer perception. The research explored that an acquisition due to a bankruptcy of the acquiree influences the consumer perception negatively in terms of image/reputation (credibility).

During the acquisition process relationship managers might be able to place the acquisition in a positive light by strengthening the advantages of an acquisition. In addition to that, it must be ensured that relationship managers are kept as they own the relationship with the clients. The information about the acquisition should be provided fast which reduces rumours and insecurity.

Basically, clients tend to accept the acquisition if this is be in line with the current banking strategy and strengthens the bank. Further, it was perceived positively by the clients if the acquirer has the same cultural background so that it fits to the current company culture. It must be ensured that the new company structure is compatible with

the acquirer and acquiree (e.g. acquirer and acquiree are private banking providers instead of a retail bank acquires a private bank).

### **2.4 The model of private banking consumer perception**

A model of private banking consumer perception was created that displays the different determinants, the acquisition influence and the influence of expectations and perceptions of the client. If the expectations of the clients are fulfilled or, better, excelled, the customer will perceive satisfaction.

The determinants "emotional/social values", "independence/individuality", "macroeconomics" and "products" were not mentioned by existing literature but are considered by the model of private banking consumer perception and are therefore a new contribution to knowledge. These determinants emerged inductively and are displayed in bold in the model of private banking consumer perception.

As displayed in the model, the determinant "relationship" consists of the sub-determinants "credibility", "emotional/social values" and "understanding the customer". Further, the sub-determinant "credibility" consists of a sub-determinant "access" and the sub-determinant "understanding the customer" consists of the sub-determinant "communication". It was found by empirical research, to establish a proper relationship with their clients, relationship managers need to at least fulfil or better exceed clients expectations' of the determinant relationship, the sub-determinants of relationship and its further sub-determinants. A determinant cannot be fulfilled without the fulfilment of its sub-determinants. So consumers perceive a determinant as fulfilled if all the corresponding sub-determinants are fulfilled.

If banks would like to be perceived as competent, bank employees need to be able to offer a prompt response, constant error-free and fast execution of service as well (included in the determinant "reliability"). Consequently, reliability is part of the determinant competence.

Some specific determinants are winner (are perceived as a bonus by the client) and some are killer (are seen as a must by the client) elements. Each bank must define their killer and winner elements. Socio-cultural values influence personal needs. Personal

## V. SUMMARY AND CONCLUSION

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needs, as well as word of mouth and past experience influence the expectation of the client. Additionally, the acquisition influences the expectation and perception of the client. Depending on the context of the acquisition different determinants are influenced.

The customer related aspects, like the determinants, expectations and perception process are displayed in green colour. Company related aspects are coloured in orange.

Furthermore, no model existed so far that displayed the influence of acquisition on private banking consumer perception which is a further contribution to knowledge. The present study created and validated a model which represents a new contribution to knowledge from which practical contributions were also derived. The model is useful for private banking providers to understand private banking consumer perception in general and the influence of acquisition on the private banking consumer perception in particular. Further, it supports private banking service providers to develop and create efficient internal (e.g. training of staff) and external (e.g. promotion) marketing methods. The internal marketing methods are important for organizational culture, strategy, structures and processes. During an acquisition process banks need to be able to undertake their marketing (internal and external) to keep the right culture in place and to present the bank to the clients. In addition, the present topic is an important contribution to knowledge as no research is evident that focuses on private banking consumer perception and, further, analysed the impact of an acquisition on private banking consumer perception.

V. SUMMARY AND CONCLUSION

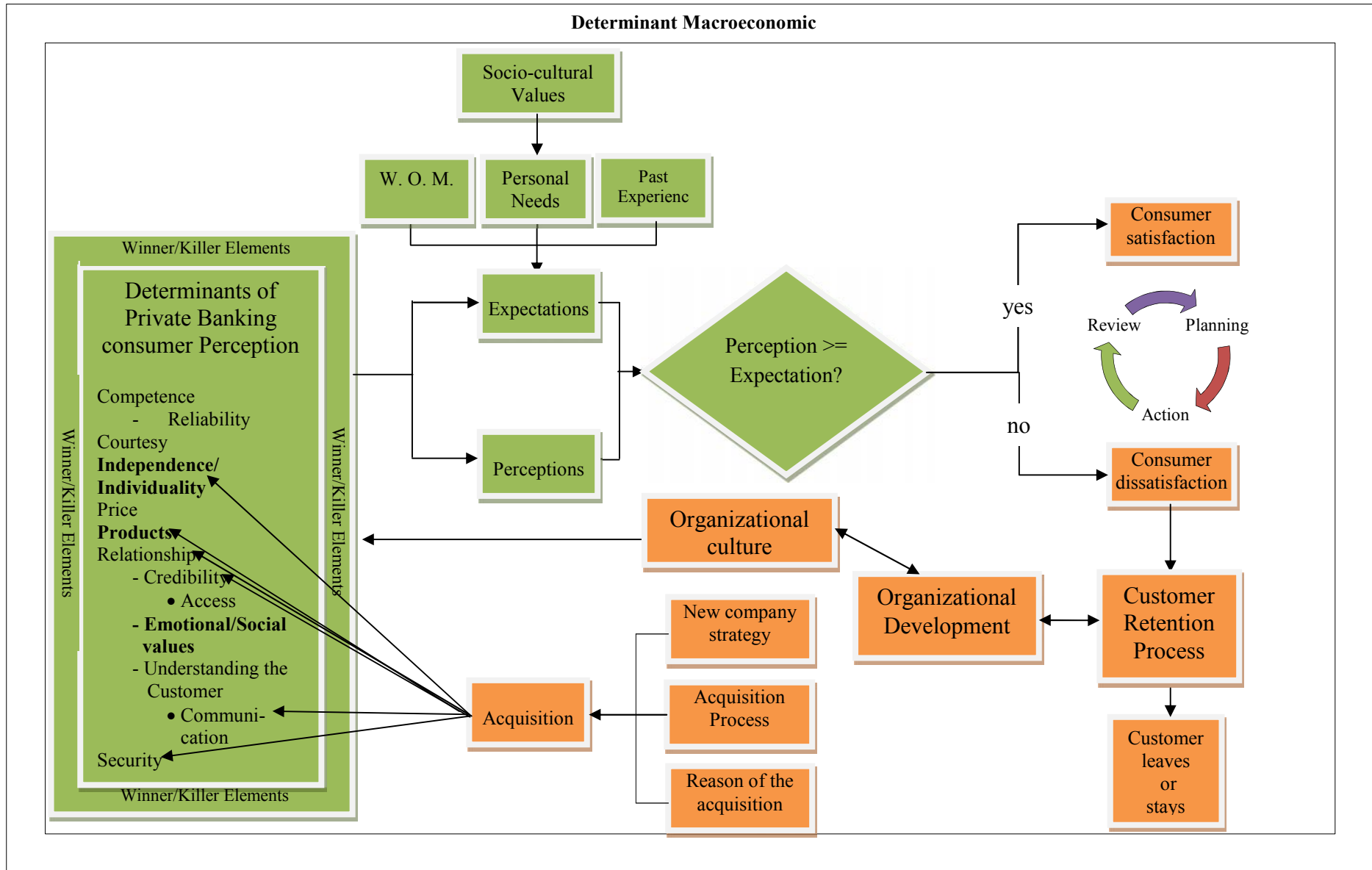


Figure 46: Model of private banking Consumer Perception

### **3. Limitations of the present study**

In the present dissertation the determinants of private banking consumer perception were discovered. This research considered clients with liquid assets of more than 100,000 CHF. Clients with fewer assets are not private banking clients, might have different perceptions and are therefore not included in the present research. During the systematic literature review it was investigated that the segmentation of wealth is not an adequate method to address the issue of individual needs. Clients with a similar wealth level might have different needs and the level of wealth should only be used as an initial indication for access to private banking services (Maude, 2010). Molyneux and Omarini (2005) suggested that the criteria of segmentation should be based on a combination of source of wealth, needs and sophistication, inherent advantages of lifestyle services, price sensitivity and customer value. Hence, although this study undertook research in private banking consumer perception it is likely that different perceptions exist inside this customer base depending on the points mentioned by Molyneux and Omarini (2005).

Apart from that, the research was undertaken in German-speaking countries, which are defined as low context cultures. If the research can be transferred to high context cultures (e.g. China, Arab countries) must be discovered by further research and was not part of the present dissertation.

It is not the objective of the present research to transfer the gained outcomes to any other business sector (like food industry) or to different circumstances (retail banking) because only private banking participants were included in the present research.

### **4. Implications of future research**

The following areas of future research were discovered:

The present thesis has identified the key determinants of private banking consumer perception and analysed how private banking consumer perception is influenced. It might be required to research how the expectation and perception of the determinants can be measured, too. These measurement methods must be designed in a way that does not aggravate customers.

Relationship managers of large banks that provide private banking often adopt push-selling with bank internal products because they get commission by selling these products and internal competition is done which forces relationship managers to sell as many products as possible. By undertaking push selling strategies the relationship in private banking might suffer. Hence, it is necessary for large banks to find new selling strategies which allow independence and individual advice and service in private banking. These methods must be analysed by further research.

From those findings in terms of private banking consumer perception and the influence of an acquisition the researcher constructed a model of private banking consumer perception. This model is useful for companies to understand private banking consumer perception and it can help to develop and create efficient internal and external marketing methods. Which specific marketing methods are most suitable for banks cannot be said as it is not part of this research and needs to be analysed by undertaking further research.

It was explored that during an acquisition process as little as possible should be changed that is visible for the clients. Therefore, which areas of the bank can provide returns of scale during an acquisition by keeping the independence of the acquirer and leaving the front-office untouched should be researched.

Financial service providers are regulated in a different way from banks. It could not be discovered whether this leads to different private banking consumer perceptions or not and, hence, needs the attention of future research.



## V. SUMMARY AND CONCLUSION

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It was explored that the socio-cultural values have an influence on the needs of the private banking consumer. As socio-cultural values are very far ranging and multifaceted (e.g. population demographics, income distribution, social mobility, lifestyle changes, attitudes to work and leisure, consumerism, etc.) further detailed research is required to discover the socio-cultural values and their influence on the needs of the private banking consumer perception.

Apart from that it was revealed that the relationship managers have a personal relationship with the client. If the relationship manager leaves the bank the clients will leave, too. Hence, banks highly depend on their relationship managers and actions or methods should be undertaken to increase the relationship between the bank and the client. The appropriate methods and actions must be investigated by further research.

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## **VII. APPENDIX**

## **Appendix 1: Template for a Systematic Literature Review Protocol**

### **1. Change Record**

This should be a list or table summarizing the main updates and changes embodied in each version of the protocol and (where appropriate), the reasons for these.

### **2. Background**

- a) explain why there is a need for a study on this topic
- b) specify the main research question being addressed by this study
- c) specify any additional research questions that will be addressed
- d) if extending previous research on the topic, explain why a new study is needed

### **3. Search Strategy**

- a) specify and justify basic strategy: manual search, automated search, or mixed
- b) for automated searches, specify search terms and compounds of these
- c) for automated searches, identify resources to be used
- d) for manual searches, identify the journals and conferences to be searched
- e) specify the time period to be covered by the review and any reasons for your choice
- f) identify any ancillary search procedures
- g) specify how the search process is to be evaluated

### **4. Selection Criteria**

- a) identify the *inclusion* criteria for primary studies
- b) identify the *exclusion* criteria
- c) define how selection will be undertaken (roles of analysts)
- d) define how agreement among analysts will be evaluated
- e) define how any differences between analysts will be resolved

### **5. Study Quality Assessment**

- a) specify the quality checklists to be used
- b) specify how the checklist will be evaluated
- c) define how agreement among data extractors will be evaluated
- d) define how any differences between data extractors will be resolved
- e) identify the procedures to use for applying the checklists (e.g. details inclusion/

exclusion; partitioning the primary studies during aggregation or meta-analysis; explaining the results of primary studies)

### **6. Data Extraction**

- a)** design data extraction form (and check via a dry run)
- b)** specify the strategy for extracting the data and the form (paper, on-line etc.)
- c)** identify how the data extraction process is to be undertaken and validated, particularly any data that require numerical calculations, or are subjective

### **7. Synthesis**

- a)** specify the form of analysis to be used (e.g. narrative, tabulation, meta-analysis)
- b)** assess the threats to validity (construct, internal, external), particularly constraints on the search process and deviations from standard practice

### **8. Study Limitations**

Specify residual validity issues including potential conflicts of interest (i.e. that are inherent in the context of the study, rather than arising from the plan).

### **9. Reporting**

Identify target audience, relationship to other studies, planned publications, authors of the publications.

### **10. Schedule**

Provide time estimates for all of the major steps.

(Template for a Systematic Literature Review Protocol, 2009)

**Appendix 2: Observation Guide**

**Observation (NR)**

Date: \_\_\_\_\_, Time: \_\_\_\_\_

Topic: \_\_\_\_\_

<b>Name/Speaker</b>	<b>Key aspects of activity</b>	<b>Position</b>	<b>Company</b>	<b>Company Description</b>

Audience consisted of about \_\_\_ Persons

<b>Observation documentation tasks</b>	<b>Confirm - why?</b>
Confirm private banking consumer determinants	
- Relationship	
- Communication	
- Accessibility	
- Winner and Killer Elements	
- Competence	
- Emotional values	
- Reliability	
- Response	
- Understanding the customer	
- Price	
- Courtesy	
- Credibility	
- Security	
- Past Experience	
- Word of Mouth	
- Needs	
Discover and identify further determinants	
Influence of acquisition on private banking consumer perception	
- Importance of relationship during the process	



## VII. APPENDIX

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<b>Observation documentation tasks</b>	<b>Confirm - why?</b>
- Change the expectation/perception of the consumers	
- Which determinants might acquisition influence	
- Feeling of consumers during an acquisition	
- Importance of reasons for the acquisition	
- Behaviour of staff during the process	

### Notes

### Reflections

**Appendix 3: Interview Guide**

*In case the interview contact was gained by using snowball sampling*

Hello X, thank you very much for your time to participate on this interview. I have received your contact details from Y.

The following interview is about private banking consumer perception and the influence of an acquisition. In general, perception is defined how an individual receives, selects and interprets information to create a meaningful picture of the world. This process is influenced by internal (experiences, needs, expectations) and external factors (context) in which it is seen or heard. Additionally, there is a feeling and emotional involvement in perception. If the customer perceptions meet expectations, the expectations are confirmed and the customer is satisfied.

Please note that the interview will be recorded on tape but will be made anonymous.

Please provide me with the following personal details:

Name: \_\_\_\_\_

Position: \_\_\_\_\_

Age: \_\_\_\_\_

Employer or client at: \_\_\_\_\_

Working experience: \_\_\_\_\_

Level of education: \_\_\_\_\_

Several determinants have been gathered by the systematic literature review and in the following procedure we will talk about those determinants.

Nr.	Question
1.1	<p>Does the <b>relationship</b> between bank and client or/and the relationship between relationship manager and bank influence private banking expectation and perception?</p> <p>Which one has a stronger influence and is more important from your point of view? How strong is this relationship in bad and good economic times and how important is it for loyalty and retention?</p>

VII. APPENDIX

Nr.	Question
1.2	What expectation do you have in terms of <b>communication</b> with your bank? How does this influence perception in private banking?
1.3	From a client's point of view, how and when do you think the bank must be reachable or <b>accessible</b> ? Is the place and location of your bank important? How do these facts influence private banking expectation and perception?
1.4	Do you think there are services that your bank must ( <b>winner element</b> ) delivered as you expect them, otherwise clients would be very disappointed and, in the extremists, change the bank? Are there other services ( <b>killer elements</b> ) which are a bonus and only "nice to have"? How does a missing of such services form client perception?
1.5	What do you expect in terms of <b>competence</b> of the banking staff? What are your expectations and how do you perceive competence?
1.6	Do clients expect the banking service to be efficient and <b>reliable</b> ? What do you understand by efficient and reliable private banking service? Do clients perceive private banking is reliable?
1.7	Does the reaction/ <b>response</b> of relationship managers or banking staff influence client perception when clients e.g. place an order for transactions? Does the timing of the service execution effect client perception in private banking?
1.8	Do clients perceive it as convenient when the banking staff recognize them? Is it important for private banking consumer perception when a bank learns to <b>understand</b> the client as a <b>customer</b> and his preferences?
1.9	During the last year many large banks have increased their fees. In case a bank has higher <b>prices/fees</b> for its service, do clients have higher expectations and/or perception on the bank? What does it mean to clients when a bank increases the fees of their services? How do clients perceive this?
1.10	What do clients expect in terms of behaviour and appearance of banking staff? Do clients perceive <b>courtesy</b> in private banking?
1.11	Do clients perceive private banking as trustworthy, believable and honestly? What are your expectations and perception of private banking concerning these <b>credibility</b> points?

Nr.	Question
1.12	What do clients expect as <b>security</b> in private banking? What role does discretion have in private banking?
1.13	Does the <b>past experience</b> of private banking customers influence their expectation and/or perception?
1.14	Does the suggestion of colleagues, friends or other people which is also called <b>word-of-mouth</b> have an influence on the customer's expectation and/or perception?
1.15	Do the <b>needs</b> influence consumers' expectations and/or perception? On what depend those needs (demographic factors) and how are these communicated to the staff? Do banks cover customers' needs?
1.16	There are different <b>products</b> (certificates, ETFs etc.) on the market and most of these products have shown their weaknesses in bearish markets. How do products influence client perception or expectation?
1.17	There are <b>emotional values</b> (exclusivity, social status, personal touch) that might influence perception and expectation. Do you agree? What examples could you provide?
1.18	Do you want to add any further determinant which might influence expectation or perception in private banking?
2.1	During the financial crisis, private banking service providers like Sal. Oppenheim, Dresdner Bank or BHF got acquired by other banks. How might such an acquisition change the expectation and perception of the consumers? We talked about the determinants which influence expectation and perception in private banking. Which determinants might acquisition influence (some, all, none) for example credibility (reputation, company name)?
2.2	How would the clients' feelings change, if her/his bank gets acquired by another bank?
2.3	How important is for the client the reason/background of the acquisition?
2.4	Would it be helpful if the bank is honest to you about the reason for the acquisition?
2.5	Are clients afraid that due to the acquisition the advice is not independent

## VII. APPENDIX

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Nr.	Question
	anymore?
2.6	What would improve or worsen your perception during acquisition process?
2.7	Is it important for you the keep the same relationship manager during the acquisition process?
3.1	Further, we gathered and discussed the determinants which influence perception. Do you have any point to add, which might influence or are important to form the private banking consumer perception?
3.2	Resulting from our conversation, what do you understand by the term private banking consumer perception?

Do you know any people, like private banking relationship managers or other clients, who want to discuss private banking consumer perception and might be interested in meeting me?

Contact

details:

---

Thank you very much for your time and information. Have a good day.

**Appendix 4: Interview brochure for participants**

**Interviewbogen**

zur Doktorarbeit:

**Kundenwahrnehmung im Private Banking und der Einfluss einer Akquisition  
eines Private Banking Anbieters**

**Zur Person**

---

Name: Stefan Finken (MBA)

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e-Mail: Stefan.Finken@gmail.com

Telefon Mobil: +41 79 599 95 97

Staatsangehörigkeit: Deutsch



*Aktuelle berufliche Funktion*

Seit 2009 Projekt Manager (Handlungsbevollmächtigter) bei Sal. Oppenheim jr. & Cie (Schweiz) AG in Zürich

*Akademischer Hintergrund*

Seit 2009 Fernstudium zum Doctorate of Business Administration (DBA) an der University of Gloucestershire, England

2007-2009 Fernstudium zum Master of Business Administration (MBA) mit Schwerpunkt International Management an der Liverpool John Moores University in England

2003-2007 Berufsbegleitendes Wirtschaftsinformatik Studium an der VWA-Trier, Deutschland

### **Zum Thema**

Das Thema der Doktorarbeit behandelt die Kundenwahrnehmung im Private Banking und die Veränderung dieser Wahrnehmung durch die Akquisition eines Private Banking Anbieters (Private Banking Consumer Perception and the Influence of an Acquisition): Im ersten Schritt ermittle ich Bestimmungsgrößen bzw. Faktoren, welche die Kundenwahrnehmung beeinflussen (bspw. Beziehung zum Kundenberater, Vertrauen zur Bank). Aus diesen Faktoren wird ein Model entworfen, welches die Faktoren der Kundenwahrnehmung aufzeigt sowie deren Zusammenhänge berücksichtigt und veranschaulicht. Eine weitere Aufgabe liegt darin, herauszufinden wie eine Akquisition eines Private Banking Anbieters durch eine andere Bank oder Finanzdienstleistungsanbieter die Kundenwahrnehmung beeinflusst und verändert. Die Kundenwahrnehmung wird durch interne (bspw. Bedürfnisse, Wünsche und Stimmung des Kunden) und externe Faktoren (bspw. Kontext, Beratung etc.) beeinflusst. Aus diesem Grund führe ich die Interviews mit Kundenberatern und Kunden im Private Banking sowie Consultants im Finanzbereich durch, da dieser Personenkreis den Kontext und somit die Kundenwahrnehmung beeinflusst und prägt.

Ein Interview (vor Ort oder via Telefon) dauert ca. 60 Minuten. Im Folgenden der Interviewfragenkatalog, welcher während des Interviews verwendet wird.

### **Interviewfragenkatalog**

---

Guten Tag Herr/Frau X vielen Dank für die Teilnahme am Interview. Ich habe Ihre Kontaktdaten von Y erhalten.

Das folgende Interview behandelt die Private Banking Kundenwahrnehmung und den Einfluss einer Akquisition eines Private Banking Anbieters durch eine andere Bank. Kundenwahrnehmung ist ein Prozess der beschreibt, wie eine Person Informationen empfängt, auswählt und interpretiert und sich daraus ein „Bild“ erstellt. Dieser Prozess wird beeinflusst von internen (Erfahrung, Bedürfnisse, Erwartungen, etc.) und externen (z. B. Kontext) Faktoren bzw. Bestimmungsgrößen. Zudem haben Emotionen einen Einfluss auf die Wahrnehmung. Wenn die Wahrnehmung des Kunden den Erwartungen entspricht, resultiert daraus Kundenzufriedenheit.

Das Interview wird aufgezeichnet und anonymisiert. Ich benötige von Ihnen, wenn möglich, folgende Angaben

## VII. APPENDIX

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- Name: \_\_\_\_\_
- Position: \_\_\_\_\_
- Alter: \_\_\_\_\_
- Angestellter oder Kunde bei: \_\_\_\_\_
- Arbeitserfahrung im PB: \_\_\_\_\_
- Art der Ausbildung: \_\_\_\_\_

Es wurden diverse Bestimmungsgrößen der Private Banking Kundenwahrnehmung mittels vorangegangener Literaturrecherche und Feldstudie erfasst und über diese werden wir jetzt sprechen. Sie können jederzeit Fragen auslassen oder gar das Interview abbrechen. Es handelt sich um Beispielfragen.

Nr.	Frage
1	Wie beeinflusst die Beziehung zwischen Bank und Kunde bzw. zwischen Kundenberater und Kunde die Wahrnehmung?
2	Erwartungen haben Kunden an die Bank in Bezug zur Kommunikation
3	Aus Ihrer Sicht, wie und wann denken Sie muss eine Bank bzw. Bankberater erreichbar sein?
4	Denken Sie, es gibt diverse Dienstleistungen/Produkte die von einem Kunden vorausgesetzt (Killer Elements) werden und ein Fehlen solcher könnte zu Kundenunzufriedenheit bzw. zum Abwandern eines Kunden führen?
5	Was wird von den Private Banking Mitarbeitern an Kompetenz vorausgesetzt bzw. erwartet?
6	Was erwarten die Kunden in Form von Zuverlässigkeit im Private Banking?
7	Wie stark beeinflusst Entgegenen bzw. die Reaktionsfähigkeit der Kundenberater auf Kundenanforderungen die Wahrnehmung bspw. bei der Ausführung von Transaktionen?
8	Ist es für die Kundenwahrnehmung wichtig, dass der Kundenberater seine Kunden persönlich kennt und seine Vorzüge versteht?
9	Während des letzten Jahres haben viele Banken die Gebühren (Preise) erhöht. Denken Sie, dass die erhöhten Preise zu erhöhten Erwartungen beim



VII. APPENDIX

Nr.	Frage
	Kunden führen?
10	Was erwarten die Kunden an Verhalten und Kleidung bzw. von den Mitarbeitern? Welche Rolle spielen dabei Höflichkeit bzw. der Knigge?
11	Empfinden Kunden Private Banking als vertrauensvoll?
12	Was haben die Kunden für Erwartungen in Bezug zur Sicherheit?
13	Wie beeinflusst die vergangene Erfahrung mit Private Banking Anbietern die Kundenwahrnehmung und –erwartung?
14	Welchen Einfluss hat Mundpropaganda auf die Erwartungen und Wahrnehmung der Kunden?
15	Welche Bedürfnisse hat der Kunde im Private Banking? Von was sind diese abhängig (bspw. Demographische Faktoren) und wie werden diese an die Berater kommuniziert?
16	Die diversen Produkte am Markt (primär Zertifikate) haben gerade in der Krise ihre Schwächen gezeigt. Wie wirken sich diese auf die Kundenwahrnehmung aus?
17	Es gibt emotionale Werte (Exklusivität, soziale Zugehörigkeit, Gefühl persönlicher Sorge) welche die Wahrnehmung und Erwartung beeinflussen. Stimmen Sie dem zu und welche können Sie noch nennen?
18	Können Sie weitere Bestimmungsgrößen für Wahrnehmung und Erwartung von Private Banking Kunden nennen?
19	Während der Finanzkrise wurden diverse Private Banking Anbieter wie bspw. Oppenheim aufgekauft. Wie könnte sich eine solche Akquisition auf die Wahrnehmung und Erwartung der Kunden auswirken? Wir sprachen zuvor über die Bestimmungsgrößen von Wahrnehmung – Welche könnten dadurch beeinflusst werden? Bspw. Die Sicherheit oder Glaubwürdigkeit? Sind die Faktoren abhängig von demographischen Faktoren? Welche Gegenmassnahmen sollten Ihrer Meinung nach ergriffen werden und warum?
20	Wie wichtig ist der Grund für die Akquisition bei den Kunden?
21	Ist die Ehrlichkeit über den Grund von entscheidender Bedeutung?
22	Sind Kunden darüber besorgt, dass die Beratung nicht mehr „unabhängig“

Nr.	Frage
	erfolgt?
23	Was würde die Wahrnehmung während des Akquisitionsprozess verschlechtern?
24	Wie wichtig ist es für den Kunden, den gleichen Kundenberater während des Akquisitionsprozesses und danach zu behalten?
25	Haben Sie noch wichtige Punkte zu den bereits besprochenen Bestimmungsgrößen hinzuzufügen?
26	Wie würden Sie, resultierend aus dem durchgeführten Interview, Private Banking Kundenwahrnehmung definieren?

Könnten Sie mir weitere Personen nennen, wie bspw. Private Banking Kundenberater, Manager oder Kunden, die für ein Interview geeignet sind und bereit wären, an dem Interview teilzunehmen?

Kontakt Details:

---

Vielen Dank für Ihre Information und Teilnahme am Interview. Ich wünsche Ihnen noch einen schönen Tag.

**Appendix 5: Interview translation example**

The following pages consist of an interview transcribed and translated from German into English and used as an example to show how the researcher transcribed and translated the interviews undertaken.

German	English
<p>I: Im ersten geht es um die Beziehung zwischen der Bank und dem Kunden bzw. dem Kundenberater und dem Kunden. Es gibt viele die sagen es ist mir wichtig, dass ich immer den gleichen Kundenberater habe und das ich da eine persönliche Beziehung aufbauen kann und das er mich versteht, meine Vorzüge usw.. Was würden Sie sagen ist Ihnen wichtig, ist Ihnen die persönliche Beziehung wichtig bzw. eine Beziehung zum Kundenberater oder sagen Sie nein, es reicht mir wenn ich eine Beziehung zu der Bank habe?</p>	<p>I: The first part deals with the relationship between bank and client and relationship manager and client. Some stated that it is important for them to have the same relationship manager and to establish a personal relationship to be understood. From your point of view, is it more important to have a personal relationship or a relationship to the relationship manager or, do you say no, a relationship to the bank is enough?</p>
<p>P11: Also ich denke mal zu einem ist die persönliche Beziehung natürlich sehr wichtig. Ich habe beispielsweise von einer Privatbank zur anderen gewechselt, weil eben die Betreuung gewechselt hat. Aber man möchte natürlich auch bei einem Institut sein wo man sich aufgehoben fühlt, wo man weiss da ist auch BackOffice, eine Kompetenz und man möchte, sage ich mal spezifische Fragen, dann lieber auch mal mit einem Experten sprechen oder etwas von einem Experten lesen, als mit dem</p>	<p>P11: I think the personal relationship is very important, of course. I have changed to a private because my relationship manager has changed. Of course, you want to be a client at an institution where you feel well, where you know that the back office is competent and you prefer to discuss specific questions with an expert or read from an expert than with the relationship manager. The relationship manager that is hopefully known since a long time and you</p>

VII. APPENDIX

German	English
<p>Kundenbetreuer, den man dann ja hoffentlich länger kennt und wo man weiss, das ist nicht dem sein Thema und der gibt dann nur wieder was ein anderer im Grunde genommen, ja fabriziert hat. Also Verbindung, die persönliche Bindung ist ganz wichtig, aber die muss auch führen, dass man eben die anderen Möglichkeiten der Bank von dem Kundenbetreuer auch hingeführt werden, wenn man sie braucht. Der nicht sagt, ich mache das hier alles.</p>	<p>know that is not his topic and he just repeated what somebody else has said. Well, the personal relationship is very important but the relationship manager must lead you to the other possibilities provided by the bank, if required, and not says I do everything.</p>
<p>I: Ist das bei Ihnen dann auch für langfristige Beziehungen jetzt, die Sie zu den Kundenberatern pflegen oder</p>	<p>I: Do you have a long-term relationship to the relationship managers or</p>
<p>P11: Ja, auf jeden Fall. Wenn man dann einmal zufrieden ist, dann bleibt man auch meistens dabei, also das würde ich schon sagen, weil der kennt die Bedürfnisse, der schwallt einen nicht zu mit Dingen die man sowieso, entweder nicht wissen will oder schon weiss, weil das ist einem schon, also mir ist das sehr wichtig. Aber es muss auch, wie gesagt, die Bank muss auch irgendwo, die Bank muss auch oder das Haus muss auch irgendwo die Kompetenz haben, das gehört schon irgendwo dazu, also man entscheidet sich dann schon für eine bestimmte Automarke z. B. Mercedes</p>	<p>P11: Yes, of course. I would say If you are satisfied you stick to it because he knows your needs, he does not jabber about things either not want to know or you already know, because this is for me, very important. But the bank, the company must be competent. This is part of it, too. You decide for a specific car brand e.g. Mercedes or BMW and you want to be well serviced and if you have a bad service you will not change to Toyota.</p>

VII. APPENDIX

German	English
<p>oder BMW und dann will man natürlich gut betreut werden und wegen der schlechten Betreuung, sage ich mal, geht man dann nicht zu Toyota oder, so ne.</p>	
<p>I: Ja, ich verstehe ... ja.</p>	<p>I. Ok, I understand ... well.</p>
<p>I: Jetzt sage ich mal, in diesen schwierigen Zeiten was die Börse betrifft oder auch Anlagemöglichkeiten, merken Sie da, dass dann halt eine stärkere Bindung da ist, das man halt öfter kommuniziert?</p>	<p>I: Do you have a stronger relationship and do you communicate more often in difficult market situations in terms of stock exchange or asset management possibilities?</p>
<p>P11: Na, ist das mal so, man merkt in so Zeiten schon wen man gegenüber hat und ob jemand z.B.so eine Phase schon mal erlebt hat und daraus Erfahrung zieht und man merkt halt schon, das denke ich mal, ist ein Belastungstest der dann hoffentlich dazu führt, das man hinterher sagt, der ist wirklich gut, also gut heißt für mich nicht, das der einem jetzt die tollen Tipps gibt oder gut heißt einfach, das man kein dummes Zeug redet und die Dinge so sieht und so darstellt wie sie sind, auch mal sagt tja wir wissen alle nicht, was jetzt passieren soll oder was passieren wird, als jemand der also der mir irgendwelche Charts da, oder mich mit Charts oder irgendwelchen anderen Dingen langweilt und dann eigentlich</p>	<p>P11: During bad market periods you recognize who is sitting in front to you, you realize if somebody has already made such an experience. It is a stress test which hopefully leads to the fact that you can say afterwards: "He [relationship manager] is really good". This does not mean that he must be able to offer the best tips; it means that he should talk correctly and describes things how they are, this includes saying I do not know what happens now or will happen. And not to have someone who is annoying you with charts.</p>

VII. APPENDIX

German	English
genau weiss, was Sache ist.	
<p>P11: Das geht dann auch so in die Richtung, dass der mir das, sage ich mal, einfach übermitteln kann was jetzt der Stand der Dinge ist, so dass man es auf Augenhöhe, sage ich mal, diskutieren kann.</p>	<p>P11: It goes in the direction that he can explain it easily the current state. He [relationship manager] must be able to explain and discuss the current state at eye level.</p>
<p>P11: Wobei ich ja eigentlich sehr gut ausgebildet bin und das ist also, mir passiert z. B. auch nicht , ich bleibe beim Auto, man will ein Auto kaufen und kommt dann zum Verkäufer und merkt, also eigentlich weiss man schon viel mehr von dem Auto was man kaufen will, als der Verkäufer der den ganzen Tag nichts anderes macht, da hat man aber dann auch keinen Bock drauf näher mit dem zu sprechen also man möchte schon jemanden haben, der erkennt wie weit der eigene, also mein Informationsstand ist und darauf auch aufbaut und dann auch noch weiss, beim nächsten Mal, was beim letzten Mal besprochen wurde.</p>	<p>P11: I have to say that I am very well educated and it happens to me that e.g. I stick to the car. I want to buy a car. Then you go the sales person and realize, well, I know more about the car that I want to buy than the sales person that is selling cars all day. Then you do not want to talk with him about it. You want to have somebody that discovers your own level knowledge and uses it as a foundation to explain things. The next time he is aware what has been discussed the last time.</p>
I: Okay, ich verstehe.	I: Okay, I understand.
<p>I: Sie sagten gerade Ausbildung, Sie haben, glaube ich, auch Betriebswirtschaft studiert.</p>	<p>I: You mentioned your education. You have studied business administration?</p>

VII. APPENDIX

German	English
P11: Ja, d. h. Wirtschaftswissenschaften in St. Gallen.	P11: Yes, business administration in St. Gallen.
I: Die Informationen die Ihnen jetzt der Kundenberater gibt, bereitet der Sie auch pro aktiv darauf vor, sage ich mal, wenn er merkt, dass jetzt schlechte Marktphasen kommen, dass er dann sagt, Ihnen einen Anruf gibt oder wie auch immer und sagt dann, im Moment läuft es nicht so gut oder	I: The information provided by the relationship manager is pro- active in difficult market situation. He calls you to inform you about the fact that it is not going well at the moment?
P11: Ja, dieses aktive auf Dinge hinweisen ohne das da unbedingt auch ein Geschäft mit verbunden ist, sondern einfach sagen die wie man das im Moment sieht und das man sich auch mal austauscht, ja, wo man Gemeinsamkeiten hat in der Meinung wo eben nicht und das ist natürlich hilfreich, wenn man dann auch noch mit jemand anderen sprechen kann und dann kann man sich dann irgendwann auch ein recht gutes Gesamtbild machen.	P11: Yes, he points to things without thinking of making a business but simply stating how the things are at the moment and to exchange opinions and to discover similarities and differences. If you can talk to somebody else, too, it is very helpful to gain an overall picture.
I: Gut. Der Bankberater ist der für Sie 24h da, oder sagen Sie, nein, es reicht mir zu den normalen Beratungszeiten?	I: Well, this means it is important for you to that your relationship manager is available 24h or is during the working hours sufficient for you?
P11: Also, ich möchte keine	P11: I do not need too much

VII. APPENDIX

German	English
<p>Überbetreuung haben, ich brauche keine 24h Beratung, das halte ich für absolut unsinnig, ich brauche auch keine Handynummer und wenn der in Urlaub ist, dann spreche ich eben mit jemand anderen, also das, ich möchte auch nicht dass das mein Freund wird, oder so, oder meine Freundin, ich möchte einfach eine vernünftige Betreuung haben, und, also kein Gehätschel, das ist mir eher unangenehm und will ich auch von jemand anderen nicht verlangen. Das ist, sage ich mal, man kann jetzt nicht sagen Business Partnerschaft, aber es beruht auf, es ist eine geschäftliche Partnerschaft, mehr möchte ich auch ehrlich gesagt, nicht. Ich möchte also nicht auf Golfplätzen mit ihm spielen oder ich spiele auch kein Golf, egal was es ist, das will ich eigentlich gar nicht, das brauche ich eigentlich nicht.</p>	<p>assistance. I do not need 24 hours assistance. I think this is too much. I do not need the mobile number and if he [relationship manager] is on vacation I will talk to somebody else. I do not want to construct a friendship with him. I just want a reasonable assistance and no bootlicking. This is displeasing from my point of view and I do not want to demand this from somebody. You cannot say it is a business partnership but it is a business related partnership and I do not want to make more of it. I do not want to play on golf courses with him together and I do not play golf. It does not matter but I do not want this and I do not need this.</p>
<p>I: In dem Fall wäre es dann auch zu viel für Sie?</p>	<p>I: In this case you mean it is too much for you?</p>
<p>P11: Ja ...</p>	<p>P11: Yes, ...</p>
<p>I: Wie stellt der Kundenberater bei Ihnen fest, was für ein Bedürfnis Sie an Produkten haben? Man hat ja dann ein Gespräch mit Ihnen, wie glauben Sie macht der Kundenberater am besten fest,</p>	<p>I: How does the relationship manager discover your needs on products? How do you think the relationship manager could best discover in a discussion which products might fit to</p>



VII. APPENDIX

German	English
<p>dass er meint o. k. das und das könnte jetzt zu diesem Kunden passen, daran könnte der Interesse haben?</p>	<p>the client, it could be interesting for him?</p>
<p>P11: Ja, indem ich eigentlich ganz klar sage, was ich nicht will und was ich will, also ich mache sowieso kein Produkt was ich nicht verstehe, also für mich ist ein Fond schon ein Problem, weil ich oftmals das Gefühl habe man kauft da was ein und nachher gibt es eine gewisse Marktentwicklung und die macht der Fonds so nicht mit, obwohl man eigentlich geglaubt hat man hat genau auf diese Entwicklung bei diesem Fond gesetzt und da tue ich mich dann schon ziemlich schwer, also ich habe am liebsten Aktien und Anleihen und wie gesagt, keine Produkte die ich nicht verstehe. Also fällt mir jetzt kein, irgendwelche Derivate, ich würde auch niemals, in 100 Jahren nicht, Geld in ein quasi Hedgefonds geben, der dann damit irgendwas macht und dann heißt es einfach nur die Rendite ist zweistellig, aber was wir dann noch genau machen, lassen Sie das dann unsere Sache sein, das mag ich nicht, das ist einfach nicht mein, das mag ich nicht. Ich sage ganz klar was ich will und was nicht und, ja, beim dritten Mal glaube ich, weiss man das dann auch.</p>	<p>P11: Well, I clearly state what I want and what not. I do not want to have any product that I do not understand. For me a fund is already a problem because often I have the impression you buy something and after a specific market development the funds does not go in-line with the movements although you thought that the fund should reflect this market development. I do not like this. I prefer stocks and bonds and no products that I do not understand. No derivatives and I would never, even in 100 years, invest my money in a hedge fund. It is doing something with the money and it is said that the return is two-digit but they [hedge fund manager] do not state what is done exactly and they just say it is their business. I do not like this. I clearly state what I want and what not and I think after the third time it is known.</p>

German	English
<p>I: Ist es dann auch so, wenn jetzt der Kundenberater nicht darauf eingeht, dann ist das dann auch eher für Sie ein Grund zu sagen, dann bin ich hier fehl am Platz, dann muss ich die Bank wechseln oder den Berater.</p>	<p>I: If the relationship manager does not agree to it will this be a reason for you to say this is the wrong place and I have to change the bank or relationship manager?</p>
<p>P11: Ja, genau. Wissen Sie, wenn Sie in ein Restaurant gehen und immer Schnitzel mit Pommes Frites essen wollen und der sagt jedes Mal, jetzt probieren Sie doch mal ein Sushi, dann haben Sie beim dritten Mal das Gefühl irgendwie mag der mich nicht, weil ich fühle mich wohl, wenn ich mein Schnitzel esse und wenn der mir immer Sushi anbietet, habe ich das Gefühl ich passe da nicht rein, in das Restaurant oder was. Insofern das muss schon irgendwann klar sein, das kann man ja auch notieren und sagen der Herr Y der will halt keine, also gewisse Dinge will er nicht oder mag er nicht. Ich bin neuem gegenüber immer sehr aufgeschlossen, ich habe ganz gerne, ich habe mich eine Zeitlang mit Schiffsfonds usw. beschäftigt, ja schicken Sie mir gerne mal das Prospekt, weil mich das einfach interessiert, wie das gemacht ist, aber, wie gesagt, ich sage schon eindeutig was ich eben will und was nicht und da merkt</p>	<p>P11: Yes, exactly. Imagine you are going to a restaurant and eat always chips with schnitzel and every time the waiter states you should try the sushi. After the third time you get the impression he does not like you because you do not feel comfortable here by eating a schnitzel and getting offered sushi. You get the impression that it does not fit. Insofar it has to be clear and it could be written down that Mr Y does not like this or want this. I am open-minded about new things. I was engaged in ship funds brochure for a while because it is interesting for me. But, as stated, I clearly say what I want and what not. You realize very fast whether somebody is doing a push selling or who simply stated I want that Mr Y is satisfied and is getting a good advice.</p>

VII. APPENDIX

German	English
<p>man schon sehr schnell, wer eben sehr stark verkaufsgetrieben ist und wer einfach sagt, ich will das der Herr Y zufrieden ist bzw. eine gute Beratung bekommt.</p>	
<p>I: Das heißt, Ihnen würde dann auffallen wenn jetzt jemand unabhängig berät.</p>	<p>I: This means you realize is somebody is advising you independent?</p>
<p>P11: Absolut. Also ich war lange bei der Grossbank X und die hat ja auch eine Entwicklung, und es ist also furchtbar, wie eine Drückerkolonie kommt das einem vor, man kriegt das ja links und rechts mit und, wie gesagt, da gibt es andere, die da ganz, viel seriöser arbeiten.</p>	<p>P11: I was a client at large bank x for a long time and it was terrible like a pushing gang and I perceived it from all sites. There are others that work much more trustworthy.</p>
<p>I: Ja, also das man einfach merkt, wenn Kommissionen, also wenn auf Kommissionsbasis einfach nur was angefordert werden will, in der Richtung also?</p>	<p>I: Well, you realize that they are working on a commission base – this direction?</p>
<p>P11: Also mein Schwager z. B. der ist jetzt über 70 und der kennt sich mit Kapitalmarktdingen überhaupt nicht aus, aber der hat jetzt, der war ewig Kunde bei der Deutschen Bank, sage ich mal 30 Jahre und der hat jetzt zur Sparkasse gewechselt, weil er jeden Tage die doofe Werbung sieht 2% für Erstanlage, sprich</p>	<p>P11: Well, my brother in law is over 70 and he is not aware about capital markets. He was a client for large bank X for 30 years and has changed to a savings bank because he needed to watch the stupid promotion for 2% for initial investments. This means 2% for new clients and customers that</p>

VII. APPENDIX

German	English
<p>d. h. 2% für Neukunden und die Kunden die 30 Jahre da sind, die kriegen dann eben weniger und das ist, verstehen Sie, das geht überhaupt nicht, das ist absolut unmoralisch. Unmoralisch ist vielleicht zu viel gesagt, aber man will schon, ich will ordentlich behandelt werden, nicht besser als andere, aber das man, das wäre, ich finde das undenkbar mit so jemanden zusammen zu arbeiten.</p>	<p>are clients for 30 years gain less. Do you understand? This is does not work. This is unmoral. Unmoral is perhaps to hard but you want to be treated fair not better than other people but I find this unthinkable to work with somebody like this.</p>
<p>I: D. h., da merkt man auch wieder das wohl einfach nur die Kommission wichtig ist?</p>	<p>I: This means you realize it is simply about commission?</p>
<p>P11: Ja</p>	<p>P11: Yes.</p>
<p>I: die Neukundenwerbung einfach wichtig ist und.</p>	<p>I: That only new clients are important?</p>
<p>P11: Genau.</p>	<p>P11: Exactly.</p>
<p>I: Ist so was auch Vertrauenszerstörend mit unter?</p>	<p>I: Does this destroy the trust?</p>
<p>P11: Das zerstört das Vertrauen total.</p>	<p>P11: It destroys the trust completely.</p>
<p>I: Der andere Punkt, das wäre jetzt die Sache mit Gebühren, also Kommission habe ich schon mal so ein bisschen angeschnitten. Es gab jetzt gerade in der Schweiz viele Institute, die angefangen</p>	<p>I: The next point is about fess, I slightly talked already about the commission. Especially in Switzerland many companies have started to increase their fees. This is</p>

VII. APPENDIX

German	English
<p>haben, ihre Gebühren zu erhöhen. Einmal weil halt neue Regulatorien kamen und auch gesetzliche Anforderungen angepasst werden mussten. Was würden Sie denken, wenn jetzt Ihr Institut die Preise erhöhen würden? Wie würden Sie darauf reagieren? Erwarten Sie dann einen besseren Service?</p>	<p>partly due to new regulatory requirements which must be covered. What do you think if a company increases its prices? How do you react on this? Do you expect a better service?</p>
<p>P11: Also ich bin jetzt nicht so preisgetrieben. Ich würde mir erstens mal wünschen, mit genügend weiten Ankündigungen geschieht und dann kann man ja auch rausfinden warum und weshalb und dann auch mal vergleichen und dann auch mal die Leistungen bewerten. Das, also ich möchte auch nicht mit jemanden arbeiten der kein Geld verdient, verstehen Sie, der muss sich freuen wenn ich anrufe, ich glaube wir wissen alle, man kann durch eine gute Performanz oder in dem man eben in schlechten Phasen einfach nicht dabei ist, ganz gut verdienen, wenn und die Gebühren sind eigentlich dann eine Nebensache. Aber ich denke mal, das ist für mich nicht so ein entscheidendes Thema. Ich möchte nicht mehr bezahlen, das sage ich nochmal, ich möchte nicht irgendwann mal hören da ist ein Kunde, der ist ungefähr so gross wie du, der zahlt also viel weniger und ich möchte</p>	<p>P11: I am not price driven. I wish to get informed in advance to get the possibility to find out why and to compare the different performance. I do not want to work with somebody that does not earn money. He must be happy if I call him. We all know that we can earn well due to a good performance or by avoiding bad market phases and the fees are a minor matter. For me it is not an important topic. I do not want to pay more I say it again. I do not want to hear again that there is a client as big as myself and he pays less and I do not want to be the client of the most expensive bank but at the end it must be fun for both parties otherwise he [relationship manager] cannot deliver a good advice.</p>

VII. APPENDIX

German	English
<p>natürlich auch im Quervergleich nicht immer lesen, ich bin bei der teuersten Bank, das will man auch nicht, aber letzten Endes muss es auch dem anderen Spass machen, sonst kann er keine gute Beratung liefern.</p>	
<p>I: Sie denken, der Profit muss halt auch beidseitig einfach sein?</p>	<p>I: From your point of view the profit must be made on both sides?</p>
<p>P11: Genau. Aber transparent. Transparenz ist für mich ganz wichtig.</p>	<p>P11: Exactly. But transparency is for me very important.</p>
<p>I: Okay. Was erwarten Sie denn zu Kleidung und Verhalten von solchen Mitarbeitern. Sind Sie jetzt jemand der sagt, der muss jetzt im Anzug mit Krawatte da stehen oder sagen Sie nein, das kann auch leger gehen oder, ich habe eben auch schon die Räumlichkeiten so ein bisschen angesprochen,</p>	<p>I: Okay. What do you expect in terms of clothing and behaviour from banking employees? Is it important for you to wear suite and tie or is casual fine, too. Also the appearance of facilities?</p>
<p>P11: Ja, das ist für mich wichtig. Ich, also, ich finde das auch nicht gut, dass das für mich wichtig ist, aber der Gesamtrahmen, der muss stimmen und jeder kann von mir aus so seine Individualität behalten, z. B. einen Ohrring, einen Ohrknopf oder so, ist in der Schweiz ja öfter noch als bei uns, da habe ich kein Problem, aber man muss, das Gesamtbild muss stimmen und da</p>	<p>P11: Yes, that is important for me. I do not find it good but the overall fame must fit and everybody can be individually. E.g. an earring which is more often used in Switzerland than here is no problem for me. But the overall appearance must fit and single features like clothing are not that much e.g. a dress handkerchief is stupid. But I do not want to say that a</p>

VII. APPENDIX

German	English
<p>sind eben diese einzelnen Features Kleidung, auch nicht so viel, also mir ist z. b. Einstecktuch das finde ich schon wieder affig. Aber ich will nicht sagen, dass eine einzelne Sache entscheidend ist. Aber das Gesamtbild muss stimmen. Also sowohl von den Räumlichkeiten, als auch von dem Outfit von allem, auch wenn ich Unterlagen bekomme, das das also ordentlich ist und also das ist der Gesamteindruck und der ist für mich sehr wichtig.</p>	<p>single thing is important. The overall appearance must fit. The rooms as well as the outfit, the brochures I receive, it needs to be decent for the overall impression and this is for me very important.</p>
<p>I: Wirkt dieser Eindruck für Sie auch in die Glaubhaftigkeit der Bank, sage ich mal, so ein bisschen rein, in das Image in die Richtung?</p>	<p>I: Does this impression influence the credibility of the bank, like image?</p>
<p>P11: Ja klar, der Eindruck ist ganz wichtig, weil Sie, wenn Sie z. B. beim Private Bank Z in Frankfurt, das ist eine sehr alt eingesessene Bank die im relativ modernen Gebäude sitzt, aber wenn Sie darein gehen das wirkt alles so, als hätte sich da 30 Jahre nicht verändert. Das ist also eine sehr ältliche und ja unmoderne Einrichtung, aber das hat, das passt irgendwie auch zum Image zu der Bank, irgendwie. Es muss stimmig sein, ich will gar nicht sagen es muss so oder so sein, es muss stimmig sein, also man muss das Gefühl haben das Unternehmen ist von</p>	<p>P11: Yes, of course, the impression is important because if you are going to Private Bank Z in Frankfurt, a very old bank in a relatively modern building but as soon as you enter you have the impression that nothing has changed in the last 30 years. It is a very old and un-modern setup but it all fits to the image of the bank. It must fit, I do not want to say it must be like this or that but you must get the impression that the company is a personality that fit to the company and that documents their action and</p>

VII. APPENDIX

German	English
oben bis unten quasi eine Persönlichkeit, die auch zu dem Unternehmen passt und die es auch in Handeln und Tun irgendwo dann dokumentiert.	doing.
I: Das geht dann auch so in die Richtung von Philosophie, sage ich mal, Unternehmensphilosophie	I: Does this go in the direction of company philosophy?
P11: Ja.	P11: Yes.
I: Okay. Ja bei dem einen Punkt, das ging um die vergangene Erfahrung, wäre das jetzt der Bezug zu Produkten, ich weiss jetzt nicht, ob Sie mal schlechte Erfahrungen gemacht haben, z.B. Lehmann Brothers oder so was in der Richtung.	I: Okay. The next point is about past experience on products. I do not know whether you have made bad experience e.g. with Lehmann Brothers
P11: Nein, gar nicht.	P11: No, I did not.
I: Also, die Frage wäre jetzt eher so hingehend, dass man sagt, vergangene Erfahrungen die Sie gemacht haben, sei es irgendwas mit Aktien oder Fonds, das die dann später jetzt prägend sind für Sie, in der Zukunft zu investieren.	I: This question would be which experience you have made with stocks or funds that are formative for future investments?
P11: Ja, mit Sicherheit. Da gibt es viele, viele Beispiele, wobei die Erfahrung meistens darauf beruht, dass ich einen Fehler gemacht habe, also die	P11: Yes, definitely. There are a lot of examples. I have made many experiences and made wrong investment decisions because at the



German	English
<p>Anlagenentscheidung treffe ich ja immer am Ende selber, egal wie, ob ich da nicht beraten worden bin und da gibt es schon Dinge, die ich heute nicht mehr machen würde oder wo ich weiss, wo man aufpassen muss und z. B. ich glaube, wir haben jetzt alle gelernt, dass man auch überlegen muss bei welcher Bank man ist und wo die Guthaben sind, so dass jetzt deine Einlagen oder sind das, ja über Staatsanleihen, ich wundere mich immer noch, wie riesig der Zinsunterschied zwischen deutschen und französischen Anleihen ist, oder auch italienischen. Ich meine, das ist ja alles nichts Neues. Die Bonität von Italien war früher in dieser Zeit ja auch nicht viel besser, ja gut da waren die Zinsen auch höher, weil da es auch Unterschiede gab. Aber diese extreme Phobie die habe ich nicht, aber aus der letzten Krise hat man viel gelernt, aber auch früher bei Anlagenprodukten. Also ich lerne ständig dazu. Wie in der Schule. Also „learning by doing“ und deswegen interessiere ich mich schon auch für einige Produkte, also ich würde es nie machen, aber ich möchte immer rausfinden, was machen die denn da eigentlich. Wieso funktioniert das?</p>	<p>end I have to decide the asset management strategy. Today, there are some decisions that I would not make again or that I know that I have to be careful. I think today we know that we have to decide even which bank we have to choose to place our savings or deposits. In terms of government bonds I still wonder how big the interest rate is between German, French or Italian bonds. I mean, this is nothing new. The credibility of Italy was not much better at an earlier stage; of course, the interest was higher because there were differences. But I do not have an extreme phobia but from the last crisis I have learnt a lot but from asset products. I learn continuously something new. Like at school. Learning by doing and therefore I am interested in some products but I would not invest in them but I want to discover how it works. Why does it work?</p>
I: Das heißt, Sie haben ein großes	I: This means you are very interested

VII. APPENDIX

German	English
Interesse allgemein.	in general?
P11: Ja.	P11: Yes.
I: Aber der Aspekt Sicherheit ist bei Ihnen schon sehr wichtig.	I: But the point aspect security is very important for you?
P11: Ja.	P11: Yes.
I: Und was spielt in dem Zusammenhang auch Promotion, sage ich mal, das man, es gibt ja auch viele die jetzt z. B. mit irgendwelchen Personen werben, also in der Schweiz die Credit Suisse mit Roger Federer usw. Was würden Sie darüber denken.	I: And how important is promotion. There are many banks doing promotion with person e.g. in Switzerland Credit Suisse with Roger Federer etc. What do you think about that?
P11: Da halte ich gar nichts von. Tut mich überhaupt nicht beeinflussen, im Gegenteil, das ist wieder so, dass ich sage mal, eine gute Privatbank hat das nicht nötig, sage ich mal.	P: I do not care about it. It does not influence me; in opposite I think a good private bank does not need this.
I: Also für Sie spielt das keine Rolle?	I: It does not play a role for you?
P11: Es ist auch nicht so, dass ich das negativ sehe, aber es spielt einfach keine Rolle.	P11: I do not find it negative but it does not play a role.
I: Was müsste passieren, dass Sie jetzt jemand eine Bank weiterempfehlen. Also das Botschafter oder	I: What must happen to you that you suggest a bank to a colleague? The ambassador or word to mouth

VII. APPENDIX

German	English
Mundpropagandaprinzip.	principle?
<p>P11: Ja, also für mich ist entscheidend, dass das Interesse des Kunden im Vordergrund steht. Das man wirklich weiss, das ist die Frau so und so die wollen wirklich rausfinden, was ist das für ein Kunde, was braucht der und so handeln sie auch und was ich weiss. Viele sind eben in dem Bereich, weil Sie z. B. beruflich nichts damit zu tun haben, die werden dann so oft in Dinge reingeredet, und deswegen, wenn ich weiss, dass die Leute richtig beraten werden und eben nicht verkaufsgetrieben, dann werde ich auch eine Bank empfehlen.</p>	<p>P11: Well, for me it is decisive that the interest of the client is in the foreground. That you really know that Mrs. Y who wants to find out the type of client, what does he need and does he trade. Many of them are in this area because they have nothing to do on professional part and are pushed into things. Therefore, if I know that people are advised correctly and not by push selling, I will suggest a bank.</p>
<p>I: Okay. Würden Sie dann auch zu einer Bank gehen, oder sich das anhören, wenn jetzt ein Freund oder Kollege zu Ihnen sagt?</p>	<p>I: Okay. Then you would go to a bank or listen to a friend or colleague?</p>
<p>P11: Ja, absolut.</p>	<p>P11: Yes, absolute.</p>
<p>I: Okay. Dann der letzte Punkt, zu diesen Erwartungspunkten wäre jetzt der, und zwar, es gibt auch emotionale Werte, wo gesagt wird, bei manchen Kunden die sind Ihnen wichtig. Das könnte jetzt z. B. sein, Smalltalk oder irgendwie auch wie geht es, oder was machen die Kinder,</p>	<p>I: Okay. The next point is about the expectation in terms of emotional values which are important for some customers. This could be small talk, or how are you doing or how are your children etc.?</p>

German	English
solche Sachen?	
<p>P11: Ich weiss sehr gut, was Sie meinen. Ich habe eben schon gesagt, für mich ist es ein professionelles Verhältnis und es spricht überhaupt nichts gegen Smalltalk und mal sich über das eine oder andere, aber nicht zu sehr im privaten, also ich möchte nicht dass der Kundenberater dann rausgeht und sich dann erst mal notiert, wann meine Kinder Geburtstag haben, wann ich Geburtstag habe und was ich im letzten Urlaub gemacht habe, damit er dann beim nächsten Mal wieder da anknüpfen kann. Das finde ich furchtbar. Aber ich sage mal, gewisser Smalltalk das ist ok, aber wie gesagt, ich möchte mit dem Berater kein privates Verhältnis haben und ich möchte das auch wirklich, dass das auch für beide Seiten gilt.</p>	<p>P11: I know very well what you mean. I have already stated that it is for me a professional relationship and I have nothing against small-talk but not too much private. I do not want to have a relationship manager that is writing down the birthdates of my children, what I have done last vacation and then he continue from these points the next time. I find this terrible. A part of small-talk is fine but I do not want to have a private relationship and I really want that this is valid for both sides.</p>
<p>I: Die nächsten Punkte, geht es darum, und zwar, es wurden jetzt viele Privatbankinstitute auch aufgekauft, darunter gehört leider auch Oppenheim.</p>	<p>I: The next point, is about private banking companies that were bought, like Oppenheim.</p>
<p>P11: Den kannte ich sehr gut, den Hr. X.</p>	<p>P11: I knew Mr. X very well.</p>
<p>I: Der kommt auch aus Föhren?</p>	<p>I: He is from Föhren?</p>
<p>P11: Ja, ja. Da hat man z. B. sehenden</p>	<p>P11: Yes, Yes. You could see with</p>

German	English
<p>Auges gesehen, dass er es gegen die Wand fährt und ich hatte das ein oder andere Mal mit der Bank zu tun und das ist echt erschütternd. Aber er ist es einfach auch selber schuld. Den Mr. Z kenne ich zufälligerweise auch. Nicht das Sie denken, ich kenne die ganze Welt aber zufälligerweise kenne ich den. Der war früher in Stuttgart und hatte mit Company A zu tun. Also manchmal gibt es halt so Zufälle. So, ich muss Ihnen leider auch sagen, bevor ich die Frage jetzt beantworte, ich habe eine unheimliche Aversion gegen die large bank X. Ich halte überhaupt nichts von dem Haus. Aus 1.000 kleinsten, eigenen Erfahrungen und auch alles andere, was ich immer höre und lese. Ich habe eine unheimliche Aversion gegen die Bank. Ich verfolge, soweit das mit der Presse möglich ist, mit grosser Spannung wie sie den Spagat mit Private Bank Y, wie das funktioniert.</p>	<p>open eyes that he is driving it into the wall. I had the one and other time to do with that bank and it is really unshakable. But it is simply his own guilt. I know Mr. Z as well. Not that you think I know the whole world but by at random I know him, too. He was working in Stuttgart and was in touch was company A. Sometimes it is a fortune. But I have to say, before I answer this question that I have an aversion against Large Bank X. I do not think too much of that house. Due to 1'000 simple own experiences and everything else I hear and read. I have a very strong aversion to that bank. I follow the news as far as possible with tension the balance act with private bank y and how it works.</p>
<p>I: Ja, und das ist auch so ein bisschen das, was ich versuche rauszukriegen. Also, nicht nur auf unser Haus bezogen, sondern allgemein, für mich ist es auch mal interessant zu verstehen, wie ist das jetzt für ein Kunde wie Sie oder wie auch immer und ja, das ist halt schon, sage ich mal, ein Spagat.</p>	<p>I: Yes, and this is what I try to discover. Well, not only in relation to our house but in general, for me it is interesting to understand how it is for a client, as you mentioned it is a balance act.</p>

German	English
<p>P11: Ja, die Large Bank X hat meiner Meinung nach, auch viel Porzellan zerschlagen in den letzten 20 Jahren und viele sind möglicherweise auch zu Privatbanken gegangen sind, die wollen dann eben nicht nochmal zur Large Bank X zurück und für mich, ich war z. B. vor ein paar Monaten auf einer Veranstaltung vom Bankhaus Metzler, das wurde dann auch allen anderen Kunden die da waren, und da ist jeder Kunde anders und ich finde es unheimlich schwer zu sagen, die Kunden, durch eine Umfrage herauszufinden, was die Kunden wollen, weil jeder Kunde ist anders. Ich finde es teilweise sehr kaudzig die Kunden von der alten Oma mit viel Geld, also es ist ja jeder anders und ich glaube die Kunst ist, das man Mitarbeiter hat, die dieses anders sein irgendwo akzeptieren und nochmal die Bedürfnisse sowohl privat als auch geschäftlich dann eben erkennen und dann auch bedienen können.</p>	<p>P11: Yes, large bank x has smashed a lot of porcelain in the last 20 years and many have probably changed to private banks and those do not want to go back to large bank x and for me, I was several month ago at an event from private bank Z. All clients at this event were different and I find it very difficult to say, discovered by a survey, what clients want because every client is different. I find it very grumpy the grand-mother with a lot of money and everyone is different and I think it is a skill to have employees that accept these differences and to cover the needs in terms of business and private.</p>
<p>I: Das heißt bei Ihnen, oder aus Ihrer Sicht ist dann wichtig dieser individuelle Faktor, der halt auch die Privatbank, sage ich mal so ein bisschen prägt.</p>	<p>I: This means from your point of view, the factor individuality is important and characteristically for private banks.</p>
<p>P11: Genau!</p>	<p>P11: Exactly!</p>

German	English
I: Und würden Sie dann daraus auch schlussfolgern, jetzt gerade wenn ein Institut aufgekauft wird, das dann Individualität verloren geht?	I: And how would you reason if such a company gets bought – the individuality gets lost?
P11: Das ist schwierig. Ich glaube einfach am Ende werden eben doch Produkte kreiert um auch, die Größenvorteile müssen ja auch irgendwo benutzt werden, um sie dann auch den Leuten in die Depots zu drücken. Ich drücke jetzt mal negativ aus und das führt dann irgendwo zu einer Standardisierung, die diese Art Kunden mein er Meinung nach, nicht gut vertragen. Man muss ja immer eines sehen, also ich tue jetzt so, als wäre das meine Branche, das man ja, lernt auch von anderen. Also selbst wenn Sie jetzt bei einer bestimmten Bank sind, dann und wenn von Ihnen vermutet wird, das sie Vermögen haben, dann rennen andere Ihnen ja die Bude ein und erklären Ihnen jeden Tag, erzählen Sie Ihnen und machen Vorschläge, so dass man schon so ungefähr weiss, was so auf dem Markt, was man so alles machen kann. Also man bekommt ständig eine kostenlose Fortbildung und das was man dem Kunden selber nicht sagt, das erfährt er dann schon vom Wettbewerber, insofern, und dann vielleicht auch noch von Bekannten, die auch	P11: This is difficult. I think at the end products will be created to use the scaling benefits and to push these in the portfolio of the people. I express this negatively and it will lead to a standardisation which this type of client does not get along with very well. You have to realize, imagine it is my branch, you can learn from the others. If you are at a bank and if it is presumed you have assets, then they beat a path to your door and explain you and make suggestions so that you know what is available on the market and what can be done. You get continuously an advanced training for free. And everything which is not told to the client you get told by a rival and then perhaps from friends that have money “problems”. Therefore, honesty is more important. The other thing might work for a while but it is a difficult balance.

VII. APPENDIX

German	English
<p>Geldanlageprobleme haben, sage ich mal in Anführungsstrichen, insofern finde ich diese Ehrlichkeit viel wichtiger und das andere funktioniert eine Zeitlang aber ich glaube das ist ein schwieriger Spagat.</p>	
<p>I: Ja. Sie haben auch schon angesprochen, glaube ich, das ja diese Glaubwürdigkeit die dann halt auch darunter leidet letztendlich. Das alles unabhängig bleibt in der Richtung?</p>	<p>I: Yes, I think, You have mentioned that the honesty is suffering. That everything remains independence – this direction?</p>
<p>P11: Ja, wissen Sie, das sind immer die gleichen Sprüche, also wissen Sie Mr. Y, wir haben doch noch einen Fond, also ich kann Ihnen jetzt heute das reservieren, aber Sie müssen sich dann bis spätestens Montag entscheiden. Ich bin ein freundlicher Mensch, aber normalerweise wenn er vor mir sitzt, müsste ich ihm eins auf die Nase hauen und ansonsten sagen, also, das ist ständig, ich weiss auch nicht wie die Anreizsysteme sind bei Großbanken. Meine Tochter war z. B. bei large bank X, hat da ein Praktikum gemacht, hat natürlich dann nicht so den Einblick. Aber ich weiss nicht, wie die Anreizsysteme sind, aber sie sind auf jeden Fall ziemlich stark und die werden mit Sicherheit auch bei private bank Y implementiert. Da wird man nicht sagen, wir wollen sehen, wo die Bank in 10</p>	<p>P11: Yes, you know, these are always the same slogans. You know, Mr. Y we have a funds that I can reserve for today but you must decide at latest until Monday. I am a friendly human being but normally, if he is sitting in front of me, I must punch his nose. I do not know how the incentive systems are large banks work. My daughter made a training at large bank X and did not have a deep insight but I do not know which incentive systems are used but these are quite strong and will be implemented private bank y for sure. It will not be said we will see how the bank is performing in 10 years. Do not get me wrong but the management of large bank x must work like this and set aims. But this is the achievement at</p>



VII. APPENDIX

German	English
<p>Jahren steht, das, ich verurteile das nicht, verstehen Sie, das Management der large bank X, die haben ja, die müssen ja so arbeiten und planen und Ziele setzen. Aber das ist halt das Ergebnis am Ende. Das ist nun mal die Welt, wie sie heute ist, dafür kann ich keinen verurteilen, aber wenn ich halt die Wahl habe als Kunde, ich, dann kann ich immer noch gucken, zu jemanden gehen wo der Druck nicht so da ist und wo man eben noch freier beraten wird und wo die Geduld, sowohl in der Einzelbeziehung als auch in der Gesamtentwicklung der Bank eben vorhanden ist.</p>	<p>the end. It is the world of today and you cannot judge somebody for this. If I as a client have a choice, I will chose somebody that has no pressure and were I get an independent service, with patience for a single relationship and for the whole development of the bank.</p>
<p>I: Verständlich, also das kann man ja jetzt auch nachvollziehen.</p>	<p>I: Understandable, I can follow you.</p>
<p>P11: Aber da gibt es noch tausend andere Beispiele. Sie merken auch genau, wenn Ihnen einer etwas erklärt, und ich merke es, vielleicht liege ich da auch falsch, der versteht das Produkt selber nicht. Das ist dann sicher auch, die Produkte sind dann auch teilweise kompliziert. Wenn es eben nicht, eine klare Sache ist, wie eine Aktie oder, wo man vielleicht selber noch ein Urteil hat, ja das habe ich mal gekauft das Produkt von denen oder das kenne ich aus dem Regal oder wo man ein Anpackt hat auf jeden Fall. Wo man mit</p>	<p>P11: But there are many further 1000 examples. You exactly realize if somebody explains you something and he does not understand the product. Perhaps I am wrong. Of course, this is partly due to the complexity of some products. You cannot always fell your own decision as it is not always a simple thing like a stock or that is known as a standard product.</p>

VII. APPENDIX

German	English
<p>eigenem Menschenverstand noch irgendwo ein eigenes Urteil sich bilden kann.</p>	
<p>I: Also, d. h. für Sie wäre jetzt, sage ich mal, so ein Aufkauf dann auch eher negativ resümiert.</p>	<p>I: This means, in summary, an acquisition would be negative from your point of view.</p>
<p>P11: Absolut.</p>	<p>P11: Exactly!</p>
<p>I: Wäre der Grund dann noch, sage ich mal, für Sie noch Entscheidungswichtig, also dass Sie sagen ok. jetzt brauchen wir aufgrund der finanziellen Schieflage der Partner auch, Fehlinvestitionen, oder</p>	<p>I: Does the reason influence your decision. E.g. by stating that the bank needs an investor due to wrong financial investments or</p>
<p>P11: Ich denke mal, ich würde jetzt und wenn ich jetzt Kunde bei der aufgefaulften Privatbank x wäre, dann würde ich auf jeden Fall abwarten und der Bank eine Chance geben und vor allen Dingen dem Betreuer. Ich bin ja bei dem Betreuer, weil ich ja mit dem zufrieden war und ich habe, wenn ich zufrieden war, keinen Grund dem per se zu sagen nein das will ich nicht, sondern das wartet man ab, aber glauben Sie mir, es kommt am Ende immer, also diese Zwangsläufigkeit, das kommt irgendwann und entweder ist der Betreuer dann weg oder er sagt Ihnen irgendwann im vier Augengespräch, Herr</p>	<p>P11: If I am a client at acquired private bank x think I would wait and give the bank a chance, especially the relationship manager. I have this relationship manager as I was satisfied and I have no reason to say no, I do not want this and I would wait. But please, believe me, at the end either the relationship manager will leave or he will state in a four-eye discussion: “Mr. Y, I cannot do this, it is as it is”. I have already made this experience and this is honesty which is part of a trust relationship. Either you can take it a longer time or after a while, it hurts so much that you</p>

VII. APPENDIX

German	English
<p>Y ist kann auch nichts machen, das ist jetzt eben bei uns so und ich meine, das habe ich ja alles schon erlebt und das gehört ja dann zu der Ehrlichkeit auch dazu, das man ein Vertrauensverhältnis hat, ja so und so ist das jetzt und irgendwann überlegt man sich das, dann ist der Schmerz so groß das man dann wechselt oder man nimmt es dann längere Zeit hin.</p>	<p>change the bank.</p>
<p>I: Ja, ist das dann einfach ein Spagat, der zwischen den zwei Häusern entsteht, ein Spannungsverhältnis?</p>	<p>I: Yes, but is that a simple balance act that exist between two houses, a relationship consisting of tension?</p>
<p>P11: Aber die Kunden sind für uns genau wie Mitarbeiter, Kunden und wie eigentlich jeder Mensch, die sind nicht so dumm wie man denkt. Jeder Mensch, es gibt also ein Gespür und man spürt halt schnell, so sehe ich das, wenn was nicht gut für einen läuft. Vielleicht nicht die alte Oma und der Zahnarzt der den ganzen Tag arbeitet wie doof und sich, keine Zeit hat, damit zu befassen, die sind dann natürlich ganz arm dran. Wenn sie sich auf jemand verlassen und der eigentlich eher seine Bank denen muss als an seine Kunden.</p>	<p>P11: But the clients are for us like employees. Clients are human beings that are not stupid as you might think. Every human being has a feeling and realizes if something is not going well. Perhaps not the old grandmother or a dentist that has to work all day long and no time to deal with it. These people have problems. If you rely on somebody and he is working more for the bank instead for the client.</p>
<p>I: D. h. also, letztendlich ist es dann so, dass Sie auch sagen, irgendwann steht</p>	<p>I: This means, from your point of view, after a while the bank interest</p>

German	English
<p>einfach mehr das was von der Bank kommt im Vordergrund für den Kundenberater, als das was der Kunde will. Wie würden Sie denn informiert werden wollen, wenn jetzt Ihre Bank aufgekauft werden würde, also meistens</p>	<p>will be place more in the foreground then the needs of the clients? How would you like to get informed during an acquisition process of a bank?</p>
<p>P11: Ja! Ich denke mal, entscheidend ist, man kann nicht, es gibt ja die öffentliche Information und dann gibt es ja die wirklichen Informationen und dann muss man nochmal nach draußen kommunizieren würde und ich muss ehrlich sagen, mit der Ehrlichkeit kommt man immer am weitesten. Ich würde am liebsten von meinem Kundenbetreuer oder seinem Abteilungsleiter würde ich gerne informiert werden. Und es ist auch immer nett dann zu sagen Gut, wenn Sie dann was anderes hören oder dann melden Sie sich nochmal, aber das man einfach mit denen Menschen die einem vertraut sind in der Organisation, dass die einem dann sagen, was eben jetzt anders ist und dann kann man auch mal sagen Moment jetzt in den nächsten drei Monaten Mr. Y kann ich Ihnen noch gar nichts sagen. Da ist natürlich jetzt viel Unsicherheit da, da habe ich ja alles Verständnis für. Ich finde es, Ehrlichkeit finde ich auch an der Adresse, an der Stelle finde ich ganz wichtig, dass man</p>	<p>P11: Yes. I think there are public news and there are other news and you have to communication to the outside. I would say, honesty is the best way. I would like to get informed by my relationship manager or his head of department. It is always nice to hear if somebody says if you hear something different then please contact me again. To talk to the people inside the organisation that you know and that these people state what is different or they could state that at the moment or in the next three month I cannot tell you anything, Mr Y. This is of course unsafeness but I understand this. I find honesty at this point very important that you can say I do not know or there is a development at the moment we do not like but it is mandatory. To be honest is the correct way from my point of view.</p>

VII. APPENDIX

German	English
<p>auch sagt, wissen wir im Moment auch nicht oder da ist jetzt eine Entwicklung die passt uns auch nicht aber das ist halt notwendig. Also mit Ehrlichkeit kommt man da, glaube ich, jedenfalls bei mir, am weitesten.</p>	
<p>I: Das wirkt sich sonst auf das Vertrauensverhältnis letztendlich aus?</p>	<p>I: From your point of view, does it influence the trust relationship?</p>
<p>P11: Genau. Also so Argumente wir sind jetzt die größten und da haben wir jetzt das Riesennetzwerk und was weiss ich, dann muss ich mich natürlich sofort fragen, ja wo ist dann genau der Vorteil für mich? Und das sind dann so Argumente auch so, ach Mr. Y gehen Sie doch nicht zu einer kleinen Bank, die sind so klein und also, ja ich bin jetzt kein guter Verkäufer aber so kommen halt, da kriegen Sie immer einen erzählt, was Sie jetzt machen, ist eigentlich ganz falsch und das ist ja auch Quatsch. Ja mit der Ehrlichkeit kann man sagen, ja probieren Sie mal was Neues aus oder ja, ich weiss nicht, aber ich kann mit Ehrlichkeit am meisten anfangen. Also ich persönlich.</p>	<p>P11: Exactly. Such arguments like we are the biggest or we have a big network whatsoever, I have to ask but where is the advantage for me? Arguments like: “Mr. Y, do not go to a small bank like this.” I am not a good salesman but this is how they talk to you and this is wrong and it is nonsense. With honesty you can state try something new. With honesty, at least for me personally, is the best way.</p>
<p>I: Gut. Also von den Punkten her, war es das jetzt von meiner Seite her. Vielleicht haben Sie noch etwas, wo Sie sagen das</p>	<p>I: Good. From my points we are done. From your point of view is there a point that you want to keep. I mean</p>

German	English
<p>wäre jetzt wichtig, was Sie als Kunde wahren wollen, also ich meine, wir haben jetzt viele Punkte die, also Kommunikation, Kompetenz usw., auch Unabhängigkeit und Individualität. Ist jetzt für Sie noch ein Punkt da, wo Sie sagen, das ist noch ein Punkt, den muss du unbedingt haben im Private Banking?</p>	<p>we have discussed point like communication, competence, independence and individuality. Is there a point that you think must be offered in private banking?</p>
<p>P11: Ja es gibt, ich finde immer wichtig im Vorfeld jemanden zu informieren, also ich kann Ihnen z. B. ein gutes Beispiel sagen. Vor einer Woche oder so bei einer Präsentation der Privatbanken die Einlagensicherung reduzieren wollen, für die Kunden. Was kann das, ich glaube, ich kenne, ich kann das, ich habe mir schon überlegt, warum das so ist, aber so was, da würde ich doch schon bevor das in der Zeitung steht gucken, das die Kunden darüber informiert sind, denn in so einer Zeit, wie wir sie gerade heute haben, also jetzt gerade diese Woche und letzte Woche passt so eine Information natürlich gar nicht, das wirkt dann so, als könnten Sie nicht mehr, sondern da, da hätte ich im Vorfeld auch ein Gespräch mal gesucht, mit allen Kunden natürlich, oder mal ein Rundschreiben was die Motivation ist, das ist immer blöd wenn man das so liest, das ist doch ein Kernpunkt in der</p>	<p>P11: Yes, it is always important to inform pro-active. I can give you a good example: Last week I was at a presentation at private banks as they want to reduce the deposit guarantee for client. I have already thought about the reason but about something like this I would inform the clients before it is published in the newspaper. In the current situation such information does not fit at all. You could get the impression as they could not do anything and I would have talked to the clients in a personal discussion or a letter. It is always bad to read such central points in the current situation. Five years ago it was not relevant for anyone but after Lehmann it is a central point and the reason why many changed to the savings banks. To inform clients about such things why it happened, what happened because at the end it</p>

VII. APPENDIX

German	English
<p>heutigen Zeit. Vor fünf Jahren noch, da hätte kein Mensch, glaube ich, hätte das keine Relevanz, aber nach Lehmann ist das ein Kernpunkt, warum auch viele z.B. zur Sparkasse gegangen sind und so was vorweg informieren über Dinge und am Ende steht es ja sowieso in der Zeitung, also kann man es ja dann auch sagen so und so, das ist, oder ganz zeitnah, wenn so was in der Zeitung ist, dass man die Leute dann informiert warum und weshalb.</p>	<p>will be published in the newspapers.</p>
<p>I: Also da wären Sie dann letztendlich auch kontraproduktiv, das sie das dann erst, ja später gesagt haben. Teilen Sie Ihrer Bank auch mit, wenn Sie unzufrieden sind, also lassen Sie die das Wissen.</p>	<p>I: From your point of view it was contra productive as they informed you later. Do you inform your bank in case you are unsatisfied?</p>
<p>P11: Ja.</p>	<p>P11: Yes.</p>
<p>I: Okay. Ich wäre dann soweit durch. Vielen Dank!</p>	<p>I: Okay. I am done. Thank you very much!</p>

**Appendix 6: Interview analysis example**

The following appendix explains how the coding categories and coding scheme were developed. The figure below portrays the categorisation procedure which was already discussed in chapter IV., subsection 2.3:

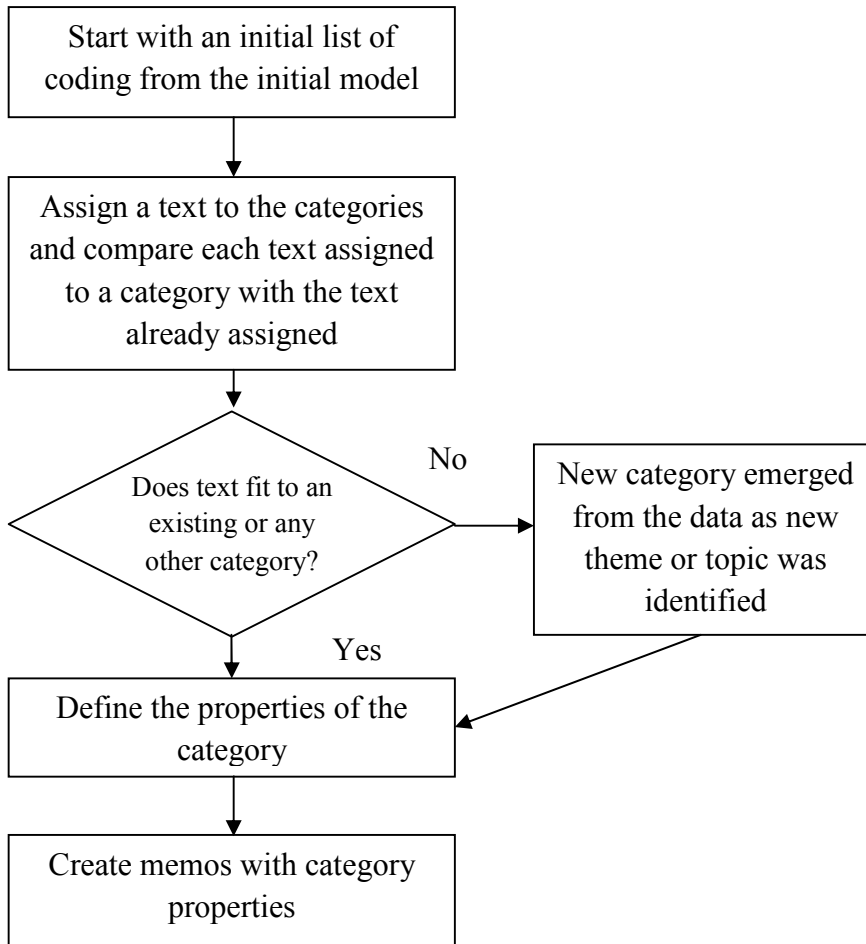


Figure 47: Procedure for developing the categories and the coding scheme (own creation)

At the beginning of the coding procedure, the researcher used an initial list of coding categories from the conceptualized model (displayed and explained on pp. 82) that was constructed by the systematic literature review findings. The conceptualized model is based on a model of perceived service quality determinants by Parasuraman et al. (1985) which was used as a theoretical working model.

A text passages was assigned to a category. As already mentioned, Maxqda 10 was used to code the text. This program allows the researcher to code the data, rename or merge codes, create text and generate drawings that display the relation between different codes. Further, the different text passages of a code could be displayed and compared.



The following text passage is used as an example for the coding procedure:

“We still have a more or less good banking secrecy. The people have chosen Switzerland so far because of these values. The Swiss values, reliability and political stability.” (P13, director and relationship manager of a private bank)

First, the author assigned this text passage to the category reliability as it was mentioned reliability in terms of the Swiss values. By comparing the text passage with text passages already assigned to this category it was unfolded that the meaning of P13 was different from the meaning of P2, P7 and P10 as these participants mentioned the reliability of the service offered by the private bank.

“I think a bank especially a private bank must be reliable. I think the expectation of private bank is higher than the expectations of a retail bank. This is due to the fact as you might think they have more money available to provide the service and, hence, they must work perfectly.” (P2, COO and reliable partner of a private banking provider)

“I can rely on all of my three banks at 100%. [...] If we have a problem or a new investment we just need to call the bank and the relationship manager will visit us.” (P7, client)

“Reliability is important. If the client makes an order it must be executed. And the execution should be confirmed.” (P10, relationship manager of a private bank)

The researcher compared the text passage of P13 with the remaining categories. None of the remaining categories was appropriate or could extended wisely.

Consequently, a new category was identified which was called "macroeconomics". The author defined the category as the degree of involvement of the government on the private banking consumer perception.

In addition to that, memos with properties were added to the category like

- political involvement and factors,
- political stability and reliability,
- banking secrecy.

As already explained, the coding procedure is an iterative process. Thus, it was verified if other text parts could be assigned to the category as well by comparing other text parts with the text already assigned to the category. By adding additional text passages to the category the author got more insights about the properties of the category. The differences between the category macroeconomics and other categories got more and more to the surface and were capture by extending the properties and memos of the category.