

RELATIONSHIP BANKING: A NEW RESEARCH AGENDA

by Johan Coetzee

With the advent of the global financial crisis, the onus placed on managing the bank-client relationship has received new attention. Both the risk and the management approach to managing this risk has been questioned now more than ever. Added to this, the understanding of the nature of the bank-client relationship in its simplest form is at the forefront of research agendas. As such, questions such as, “did banks truly understand their clients, and accordingly, mitigate risks in line with this understanding, or were perverse incentives the stronger role player?” have forced scholars to reconsider their understanding of banking relationships. What has become increasingly clear is that the literature on relationship banking suffers from a split-personality: on the one hand, it focuses on the service quality and marketing relationship; on the other, it focuses on the economic and contractual relationship. The purpose of this study is to bridge this divide by proposing a conceptual model that encompasses the pervasive nature of the bank-client relationship. Built on a thorough review of the literature, this model has practical implications for business practitioners as it conceptualises a research agenda based on the complexity of banking relationships.