

## AN INVESTIGATION INTO THE KEY DRIVERS OF CUSTOMER CARE AND LOYALTY IN THE COMMERCIAL BANKING SECTOR (NAMIBIA)

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### Abstract

*Customer care and ultimately customer satisfaction have become so vital and significant in business-to-customer (B2C) types of environment. Many a times, satisfying customers can be quite an issue owing to the fact that in such environments it may be difficult to perceive exactly what goes on in a customer's mind. Regardless of the numerous studies piloted on the characteristics of banking service quality as perceived by customers, such perceptions till today remain enigmatic. Hence it becomes a challenge for service providers that place strong emphasis on customer relations, to either to meet or exceed the targeted customers' level of satisfaction as expected by them. With this increasing emphasis on service delight and quality, the banking industry in Namibia has become increasingly competitive and a natural dilemma. This study therefore attempts to investigate the key drivers of loyalty and customer care in the commercial banking sector.*

**Key Words:** Investigate, Key Drivers, Loyalty, Customer Care, Commercial, Banking, Customer, Quality, Competitive

### Introduction

A business that wants to succeed in today's global competitive market, where customers are empowered and brand loyalty erosion is increasing, will have to move to customer relationship management (CRM). The goal of CRM in financial organisations is to create an opportunity for re-purchase by a customer through an improvement in the communication process to the customer, providing the right offer, relating to product and price, through the right channel, at the right time (Kotler and Keller, 2006: 152).

In financial organisations a loyal customer base is beneficial in order to secure their sustainability on the market. Loyal customers can be successfully created, reinforced and retained by communicating with the customers in a timely, reliable and pro-active fashion and handling conflicts between the organisation and the customers effectively (Ndubisi, 2007: 98). This will lead to customer loyalty and increased profits for the organisation due to customer retention (Sauers, 2008: 35).

In the banking industry, the occurrence of loyal relationships between a customer and a bank is becoming more and more limited (Levesque and McDougall, 2006: 12-20). While there has been a large number of studies that focused on service quality and satisfaction issues (Lewis and Soureli, 2003: 15-31), research on customer loyalty has been partial, thus the proposed study will try to fill this gap through an investigation on the influence of customer care with one of the most profitable commercial bank in Namibia, The First National Bank.

First National Bank Namibia is one of the oldest financial services group in the country and the largest locally listed company on the Namibian Stock Exchange with a market capitalisation of N\$4 billion. FNB Namibia is proud of its continued business successes that create shareholder wealth, satisfy customers by serving the whole Namibian community in an integrated way. This allows the group to re-invest in the development of the country. However, it should be borne in mind that FNB Namibia's approach needs to be sustainable. Therefore, the main aim of this study is to determine how the bank can improve its customer care so as to keep customers loyal in the midst of increasing competition from other commercial banks such as Nedbank, Bank Windhoek and Standard Bank.

Although there are many definitions of loyalty, many authors focus on the concept of bank loyalty as containing both attitudinal and behavioural dimensions (Bloemer, Ruyter and Peters, 2008: 276-286).

Bloemer et al. (2008: 276-286) defined behavioural loyalty as customers repeat purchasing of a brand which is revalued through patterns of continued patronage and actual spending behaviours and attitudinal loyalty has been defined as the perception and attitude a customer has towards a particular product or service. Jones and Taylor (2005: 36-51) cautioned that without an understanding of the nature and dimensionality of loyalty, service firms may be measuring the wrong things in customer behaviours and attitudes when designing loyalty programs to retain them. Thus, this study will identify and examine the major influences of customer care and loyalty for commercial banks, specifically so for FNB Namibia.

### **Aim of the Study**

The aim of this study is to determine the key drivers of customer care and loyalty in the commercial banking sector and to gain more insights about customer excellence in retail banking in Namibia with special reference to FNB Main Branch in Windhoek, Namibia.

### **Objectives of the Study**

- To outline the importance of customer care in retail banking;
- To identify key drivers of customer care in the commercial banking sector;
- To craft customer retention strategies for FNB in commercial banking sector; and

- To make recommendations to improve customer care services in order to achieve customer loyalty.

## **LITERATURE REVIEW**

### **Customer Service**

Customer Service is the most important area that organisations like FNB must improve upon in order to bring about its growth, profitability and survival. Customer service has been defined as a satisfactory post-purchase experience with a product or service given an existing pre-purchase expectation (Mari and Poggesi, 2013:171-199). Zeithaml, Bitner and Gremler (2006:5-6), defines customer service as the service provided in support of a company's core products, which can occur on site or over the phone or via the Internet. Brink and Brendt (2008:55) further elaborate that research has indicated that there are five key elements for effective customer service, namely: people and processes, telecommunication support, computer systems support, field organization support and preventative analysis.

As mentioned by Brink and Brendt (2008:55), in a research done within a diverse group of industries in Europe regarding customer care services, the following results were gathered:

- 10% of the organizations delivered effective customer service whilst;
- 80% made an effort to improve customer care services although in a less efficient manner; and
- 10% did not have designated departments in place to deal with customer complaints.

Grönroos, (2010: 24) argues that customers may also complain about the physical surrounding and other aspect of the service encounter. Customer care has been of great importance with regards to the delivery of services. It is therefore important to understand the concept and its application. Customer service means providing a quality service that meets or exceeds expectations. It is about ensuring that a customer's needs are met by providing them with assistance, dealing with their enquiries and finding the right solutions to any problems. It includes giving customers a good experience and developing a relationship with them (Grönroos, 2010: 24). Service is an intangible quality that customers assess for themselves, so customer service is about perceptions (Albayrak, Caber and Aksoy, (2010: 140-143).

### **The Concept of Customer Loyalty**

There is an observable worldwide shift toward loyalty marketing in most of the sectors across various industries (Rai and Medha, 2013:139-163). Researchers such as Asuncion, Martin and Quintana (2004:253-275), highlighted the potential effect of customer loyalty on the development of sustained competitive edge for the service organizations. The distinctive nature of services, increased role of technology and higher customer involvement in service delivery processes have furthered the importance of customer loyalty in service industries. Customer loyalty not only ensures repeat purchases and positive publicity with greater value in terms of reliability, it also leads to host of other significant benefits such as cross buying intentions, exclusive and priority based preference to the company and its products/ services, greater share of wallet and so on which provide a competitive edge to the company (Rai and Medha, 2013:139-163).

In context of personal relationships, loyalty implies a feeling or an attitude of devoted attachment caused by affection. Such attachment makes a person feel responsible to persevere with that relationship even in adverse times. However, loyalty to a bank can be thought of as continuing patronage over time (Asuncion et al., 2004:253-275). Yi and Jeon (2008: 234) documents that the degree of loyalty can be gauged by tracking customer accounts, over defined time periods and noting the degree of continuity in patronage.

Owing to latent outcomes of customer loyalty such as convivial attitude towards company's business policies, integrated marketing communication, new products and customer service initiatives, most companies have become hugely interested in a systematic and well-assisted development of loyalty behaviours among their customers (Rai and Medha, 2013:139-163). Terblanche and Boshoff (2006:33-43) agreed that comprehending the precursor of loyalty is a requisite if one wants to attain the maximum benefits of loyalty. Hence, there is a pressing need for deeper exploration into the precursors of loyalty that not only operate as its sources but also act as enhancers. In the age of cut throat competition and heightened customer expectations, cutting on defection and building bonds of long lasting loyalty with the customers seem to be the only means of sustained profitability and growth.

Loyalty for business customers has been relatively neglected in research studies, due to the complexity of decision-making processes by organizational buyers (Lam and Burton, 2006:37-52). This makes research on customer loyalty significant in the Namibian banking industry; to identify factors that determine customer loyalty. Fisher (2007:83) emphasized that customer loyalty is a feeling of commitment on the part of the consumer to a product, brand, marketer, or services above and beyond that for the competitors in the market-place, which results in repeat purchase. A loyal customer to a bank is, thus, one that will stay with the same service provider, is likely to take out new products with the bank and is likely to recommend the bank's services.

### **Customer Loyalty**

The notion of customer loyalty has obtained attention and great assessment from diverse industries. Banking is one of the sectors where the intensive competition is experienced as customers have many alternatives to choose an offer from. The banks are trying to pull customers by providing a wide range of services and increasing the customer services by leveraging their service standards and technologies. As a result customer loyalty has been among main focuses of marketing strategies (Afsar, Rehman, Qureshi and Shahjehan, 2010: 1040-1047).

According to Akbar and Parvez (2009: 24-38) there are three popular conceptualizations of customer loyalty:

- Loyalty as primarily an attitude that sometimes leads to a relationship with the brand;
- Loyalty mainly expressed in terms of revealed behaviour (the pattern of past purchases); and
- Buying moderated by the individual's characteristics, circumstances and/or the purchase situation, Akbar and Parvez (2009:24-38).

Loyalty can be a positive experience of substantial value to both customers and the firm, which even if the decision is not the most rational, customers still keep willingness buying and maintaining the relations with the company. To companies, customer loyalty provides exceptional advantages and opportunities through customer retention and cost reduction. The cost of acquiring a new customer is five to ten folds more costly than to continue the business with the existing customers (Padmavathy, Balaji and Sivakumar, 2012:246-266).

### **Measurement of Service Quality**

The best customer service systems are doomed to deteriorate unless they are supported by an effective measurement system. The SERVQUAL scale was developed by Parasuraman et al. (2005:48) and the scale became the most popular instrument for measuring service quality. The SERVQUAL model identified five key dimensions of service quality- reliability, tangibles, responsiveness, assurance and empathy. The SERVQUAL scale consists of 22 items for assessing customer care, perceptions and expectations regarding the quality of service (Newman, 2010: 126-139).

A level of agreement or disagreement with a given item is rated on a seven–point scale. The results are used to identify positive and negative gaps. The gap is measured by the difference between perceptions and expectations scores and indicates the level of service quality. If the result is positive, perceived service exceeds expected service; a perceived service meets or exceeds expected service. According to this instrument, service quality occurs when perceived service meets or exceeds customer’s expectations (Parasuraman et al., 2005:41-50). The SERVQUAL instrument has been widely applied in a variety of service industries, such as banking, insurance, tourism and hospitality (Aldlaigan and Buttle, 2006: 362-381).

Although the SERVQUAL has been used universally, it has had its fair share of criticisms. Newman (2010:126-139) highlights serious weaknesses in the value of the SERVQUAL as a measurement of service quality and as a diagnostic tool. A number of researchers have argued that a generic instrument such as SERVQUAL is not an appropriate measure of service quality across an array of different industries (Shekarchizadeh, Rasli, and Hon-Tat, 2011:67-81).

Despite these limitations and criticisms, SERVQUAL still remains the most widely used measure of service quality by both practitioners and academics (Aldlaigan and Buttle, 2006).

Gaps in the banking industry are partly the same as service quality attributes defined by Parasuraman et al. (2005: 41-50) in their gap 5 theory. But these gaps are not understood as a customers’ expectation-perception discrepancy, but rather as problems that appear in bank’s operations.

The wide variety of gaps considered in the literature output is a great collection of hints for services improvement in service oriented firms, particularly commercial banks. It is useful for companies from such countries like Namibia where this concept is still not widely utilised. Moreover, it is expected that some kind of quality gaps might appear as typical for some

industries, taking into consideration historical background which left many remnants in management style, as well as typical organisational culture (Zeithaml et al., 2007:362-375).

### **THREE: RESEARCH METHODOLOGY**

#### **Target Population**

Van Stuyvesant and Meijen (2007:77), defines population as any precisely defined group of people, events or things that are of interest to and under investigation by the researcher and from which the sampling elements are drawn. In this research, the total population was made up of all customers of FNB Windhoek main branch, which constitutes a total of fourteen thousand nine hundred and forty-six (14 946) customers (FNB Annual Report, 2012). This necessitates the researcher to select a sample that was representative of the population. The choice of this branch stems from the fact that it is centrally located and is the one with a large number of customers as compared to other branches.

#### **Sampling Strategy**

A sample is a subset and representation of the population that is selected for research, and it consists of a selection of members from the population (Bryman and Bell, 2007:182). The sample for this study was composed of one hundred (100) customers from the FNB Windhoek main branch.

#### **Pilot Study**

After constructing the survey questions, the questionnaire was pre-tested within a small group of customers before administering it on the study population. A small sample group of FNB Main Branch clients, who were not more than 15, were asked to complete the questionnaire. These 15 clients became part of the sample for the final research. Answers from this pilot group of people were examined and observed to see if respondents understood the questions and whether the respondents were also reluctant to answer some of the questions. Questions were restructured or modified where there was a need in order to avoid ambiguity and vagueness. This in turn, helped to clarify the questions which were unclear before the pilot study was conducted. Upon finishing the pilot study the data gathered was analysed to gauge the potential responses. Questions that were not clear during the pilot study were rephrased and reframed in order to capture the relevant data. These include questions such as; Are you comfortable with FNB services and products which were changed to: Please rate FNB products/services according to the following categories: Completely satisfied, fairly satisfied, Satisfied, Fairly dissatisfied and completely dissatisfied

#### **Data Analysis**

Data analysis and interpretation concerns with how the data will be analysed and interpreted. After collecting the data, the completed questionnaires were numbered to make it easier for data capturing and also to avoid omission and duplication of data. The responses gathered from respondents through the completed questionnaires were coded and captured in a spread sheet document, and analysed using Microsoft Excel and presented by means of tables, graphs and

charts. Microsoft Excel was used because the researcher found it most suitable and economic package for analysing data and can produce high quality charts and graphs.

### **Limitations of the Research**

This study was limited to FNB Windhoek main branch only, where the greater part of the research was undertaken. Other limitations are that the sample size of the current study is one hundred. This sample size meets the minimum requirement, but the researcher would have used a bigger sample size to get more accurate results that could be generalized to environments beyond the FNB Namibia. Again, the study covers only customers from Windhoek Namibia, yet FNB operates in the retail banking industry country-wide. Hence, other customers of FNB were excluded from this study. Limitations arose from the fact that the researcher did not have sufficient time to incorporate a larger sample and carry out extensive study on the subject matter. The researcher did not have funding which compounded the problem.

## **RESULTS, DISCUSSION AND INTERPRETATION OF FINDINGS**

### **Questionnaire Response Rate**

The research targeted 100 customers from FNB Windhoek Branch. As such, hundred questionnaires were randomly distributed amongst FNB customers. As expected all questionnaires were successfully completed and handed back to the researcher. This means a (100%) response rate was achieved in this study.

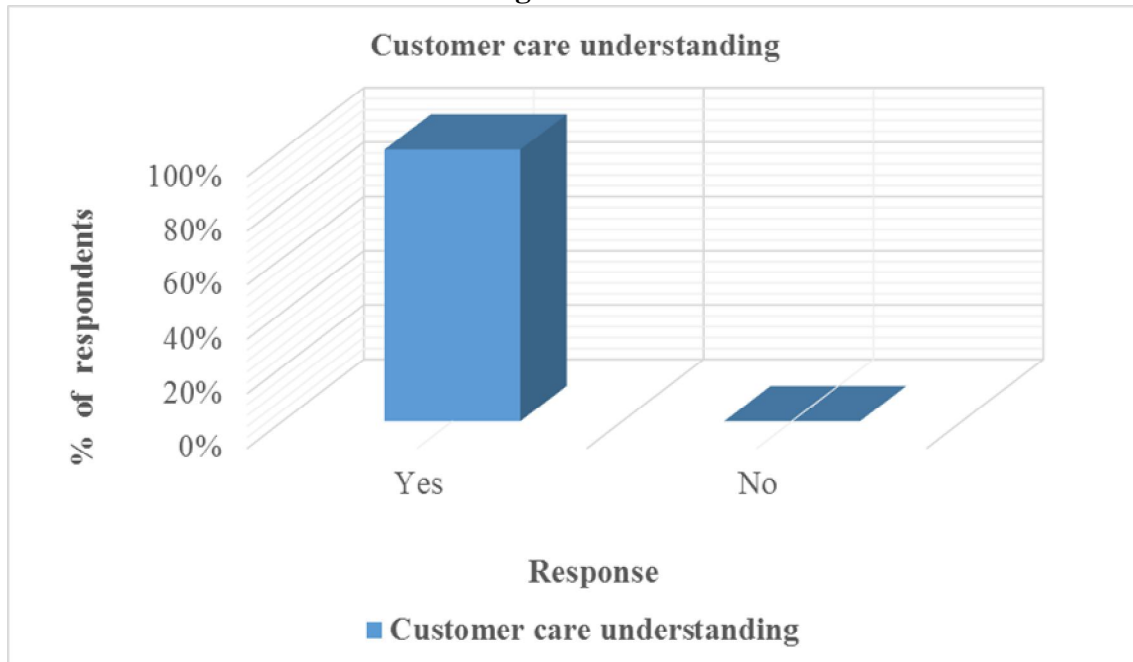
### **Questionnaire and Responses**

The questionnaire included a section on customer`s profile as various demographic factors such as the period to which the customer has been doing business with the bank as it is likely to determine the degree of loyalty. Information in the demographics can also be useful in formulating the bank`s marketing strategy. Respondents` profiles will be presented as follows:

### **Customer Care**

Gopalakrishnan, Mishra, Gupta and Vetrivel (2011:52-68), determined that Service quality and customer satisfaction had a direct positive effect on customer`s retention intentions out of which customer satisfaction is a stronger predictor for retention. More so, it is very necessary to find out the understanding of customer service which forms the basis of providing optimum customer service. To receive the required result about the meaning of customer service, the researchers field survey revealed that customer service is a combination of business process and technology that seeks to understand a company`s customers from the perspective of who they are, what they do, and what they are like (Potluri and Mangnale, 2011:1-7).

**Figure 4.1: Customer Care Understanding**

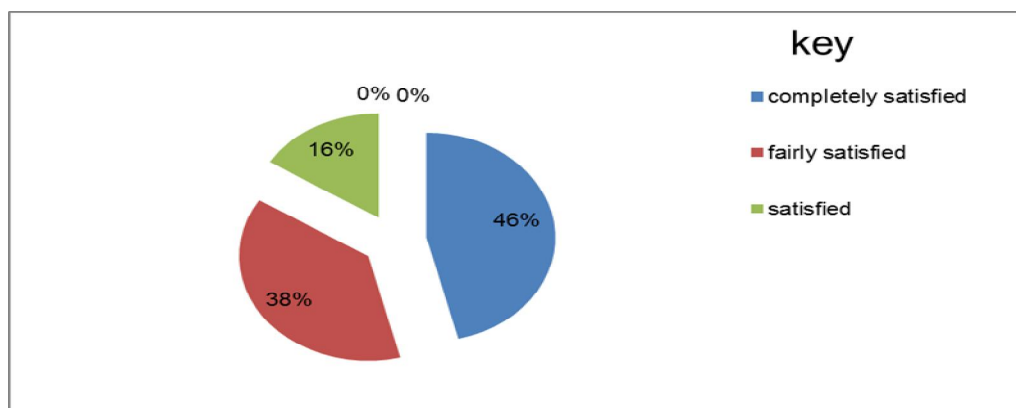


As indicated in Figure 4.1 above, all of the respondents (100%) showed that they had a great understanding of the “term customer care.” This indicates that respondents were well informed and fully knowledgeable as about the meaning of customer care and loyalty, as the ability of the bank to provide a service or product in the way that it has been promised.

**Satisfaction Experience with FNB**

The majority of the respondents (46%) indicated that they were completely satisfied with FNB as shown in Figure 4.2 above. About 38% showed that they were fairly satisfied and the remaining 16% were found out to be just satisfied. This shows a growing and improving rate of customer satisfaction. Various affecting factors in case of customer satisfaction could classify in Herzberg two-factor theory, for example modesty and friendly behaviour as motivation factors and security and reliability as hygiene factors (Vazifehdoust and Hosseinzadeh Lotfi, 2012:129-139).

**Figure 4.2 Satisfaction Experience with FNB**

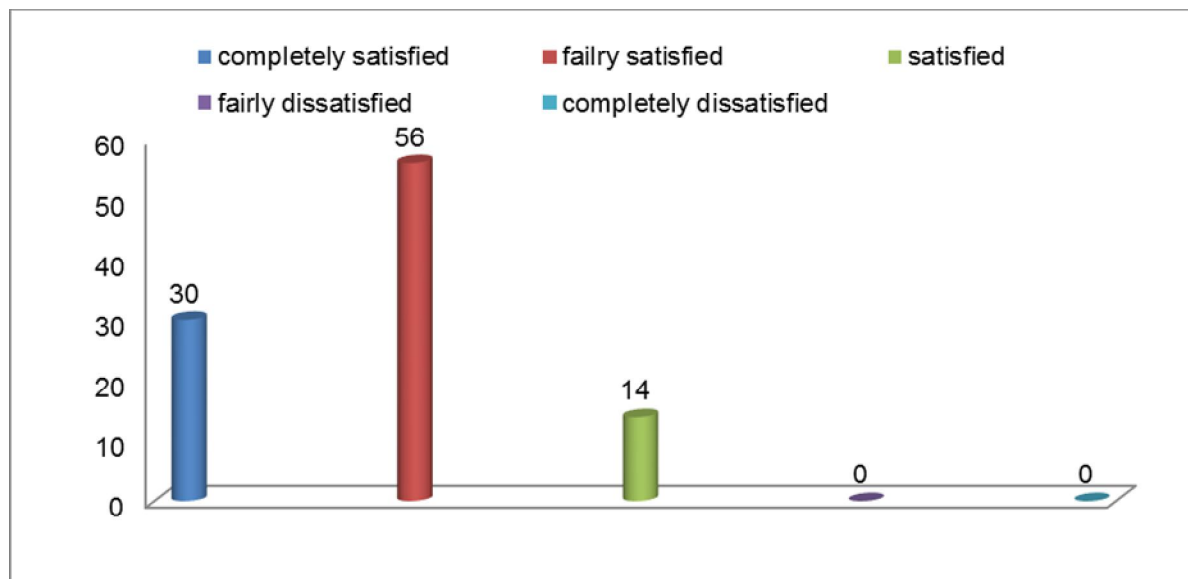


According to the results in Figure 4.2 above, it is crucial for bank managers to adopt a strategy that involves interacting more often with their customers and understanding their needs thus improving services and facilities is the most effective manner in order to increase satisfaction among customers from the 38% who are fairly satisfied to add it to the 46% category who are completely satisfied.

### Customer Satisfaction with FNB Products and Services

As noted in Figure 4.3 below, majority of the respondents (56%) indicated they were fairly satisfied with the quality of FNB products and services. Also some, (30%) were completely satisfied and the remaining (14%) were just satisfied this shows a high degree of satisfaction. Banks' clients have become more demanding and customers' willingness to switch to other providers has risen. It is against this background that banks need to set prices for their products and services at present. Analyses suggest that prices for bank products play a central role in the consideration to switch banks (Carlin 2009:278-287).

**Figure 4.3 Customer Satisfaction**



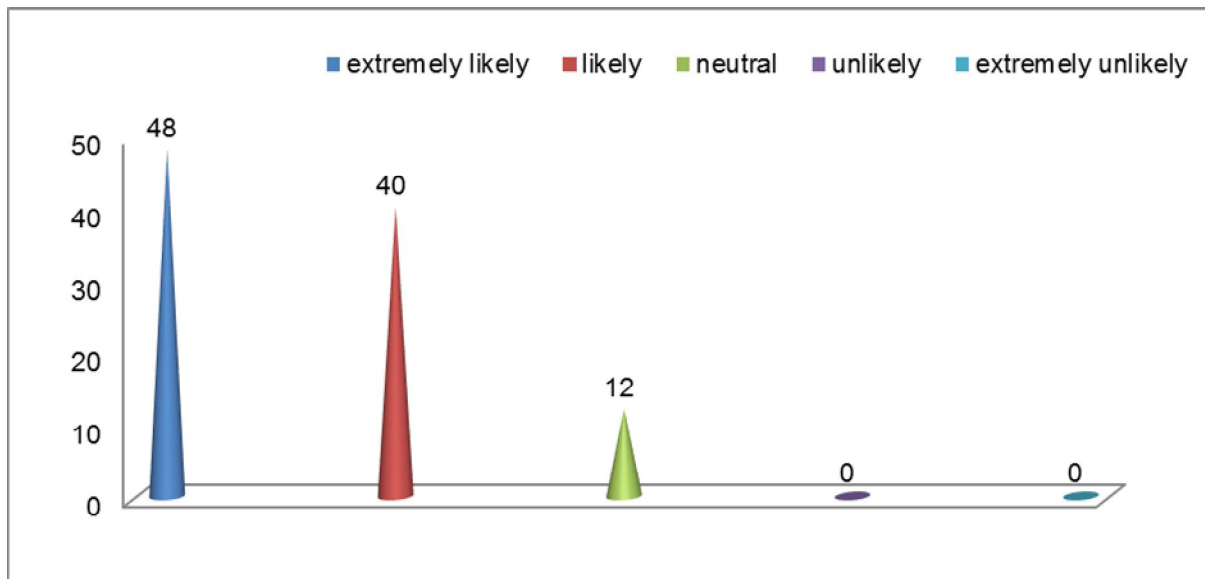
As shown in Figure 4.3 above, roughly half of respondent's (56%) state fair dissatisfaction with products and services offered. This could partially be due to bank charges and interest rates which influence the customer's decision to be fully satisfied with products and services rendered by FNB. Furthermore, customers identify pricing as an area where they wish to see improvements and regard these as a suitable means of increasing satisfaction with their bank. Given this situation, pricing policy may generate short and long-term competitive advantages by boosting profitability and customer satisfaction.

### Projected Usage of FNB Products and Services in 12 months' time

As shown in Figure 4.4 below, most of respondents (48%) were extremely likely to be using FNB twelve months from now. Also some, (40%) indicated that they are likely to continue

having business with FNB however, 12% were neutral as to whether continue using FNB or not. Customer retention improves profitability principally by reducing costs incurred in acquiring new customers. A prime objective of retention strategies must therefore be “zero defections of profitable customers” (Curasi and Kennedy, 2002: 322-342).

**Figure 4.4 Projected Usage of FNB Products and Services in 12 months’ time**

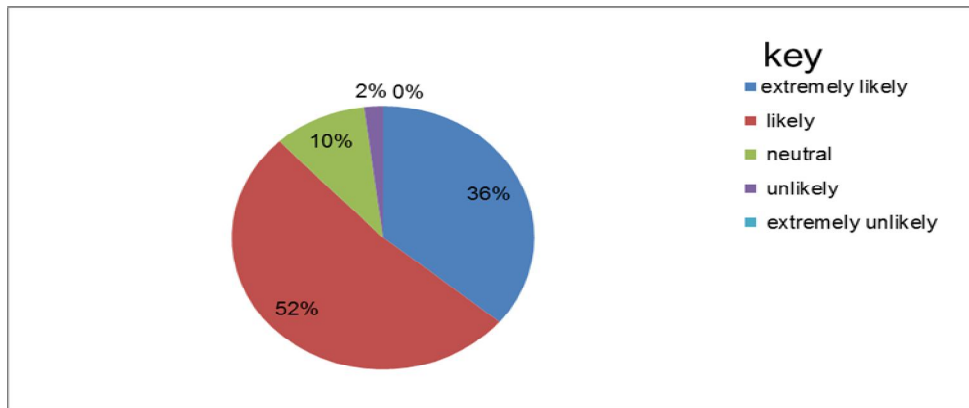


According to Figure 4.4, the impact of the bank on durability of the relationship was significant with the majority of the respondents (48%) extremely likely to be using FNB’s products and services for the next 12 months. This implies that the bank has a positive impact on customers’ likelihood of staying with their bank. This shows higher degrees of engagement to re-purchase FNB services and products in the near future.

#### **Recommendation of FNB to friends**

Figure 4.5 below noted that most of the participants (52%) were likely to recommend the bank to their friends and family members. About 36% indicated that they were extremely likely, however 2% showed that they were unlikely to recommend the bank to others. The results revealed that customer satisfaction has a strong positive impact on WOM. Results of this study are in accordance with previous research studies (Lee Thomas, Mullen, and Fraedrich, 2011: 36-49). The present research suggests that banks should focus more on satisfying their customers, as it influences the use of WOM.

**Figure 4.5 Recommendation of FNB to friends**

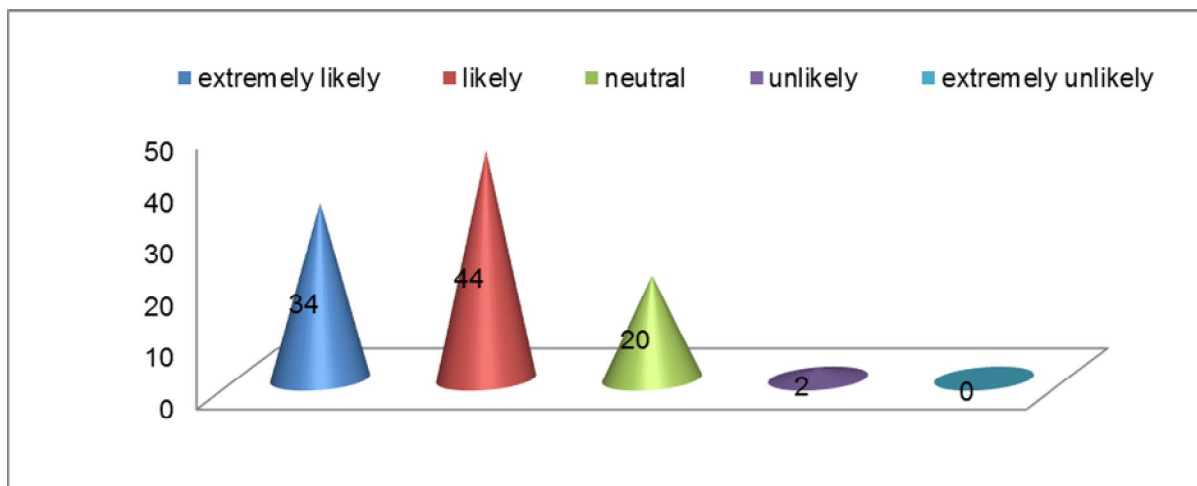


Especially, in today’s fast growing technological era messages can be communicated around the world in no time. It has also been proven numerous times that WOM is a strong communication tool although with little or no control of the organisation over its content. Further, the dynamic virtual environment has given much power to customer in spreading their words, consequently, alerting the companies to focus more on taking care of the customers (Villanueva and Hanssens, 2008:48-59).

**Additional Purchases of FNB products and Services**

Figure 4.6 below indicates that majority of the participants (44%) were likely and some (34%) were extremely likely to purchase additional products and services. The results of the research showed that, the higher bank customers’ satisfaction level is, the greater their acceptance will be to additionally purchase FNB’s products and services, and the greater customer’s intention to say good things about the bank to others will be as observed in Figure 4.6.

**Figure 4.6 Additional Purchases of FNB products and Services**



These results are aligned with Tontini and Silveira (2007:482-500) findings that, the higher the customers’ satisfaction level, the greater their propensity to repurchase. In other words, they will be more prone to continue to do business with their current service provider.

## Continuance with FNB Products and Services

**Figure 4.7 Continuances with FNB Products and Services**

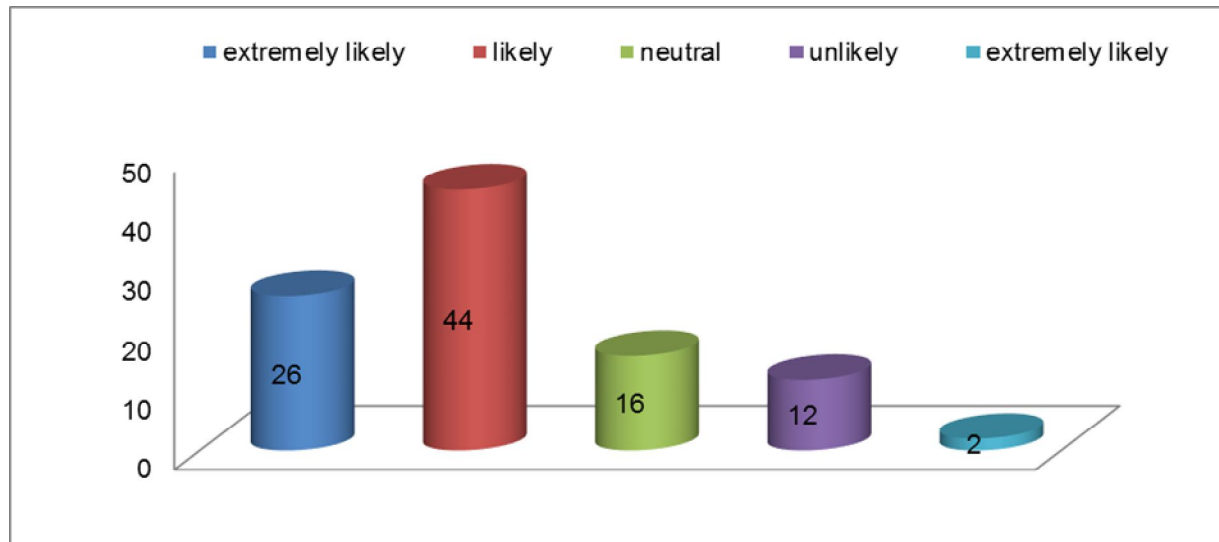
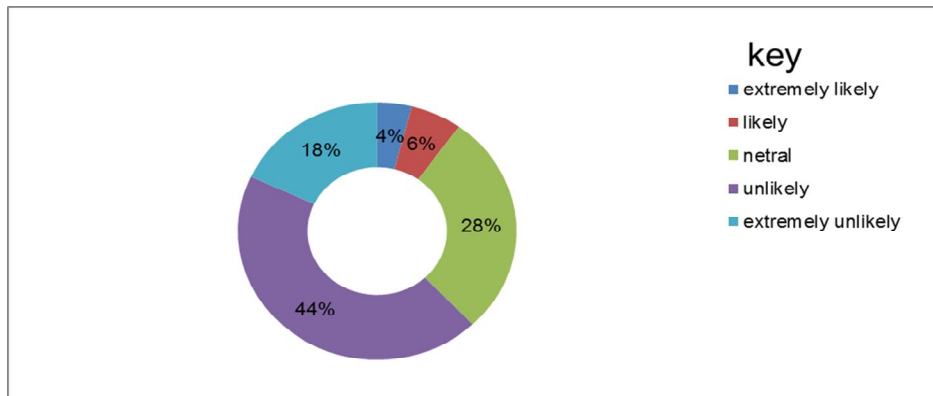


Figure 4.7 above indicates the majority of the respondents (44%) were extremely likely and some (26%) were also likely to stay with the bank even if it raises its prices. Loyalty is a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future and it is influenced by many relationship marketing variables like, empathy, trust, commitment, values and way of conflict negotiation. The research proves that customer loyalty is an important element of banking success in today's increasingly competitive environment (Sin, Tse, Yau, Lee and Chow, 2002:656-676). In light of this it can be concluded that, there is a higher probability of customers staying with the bank.

### Likelihood of switching to other banks

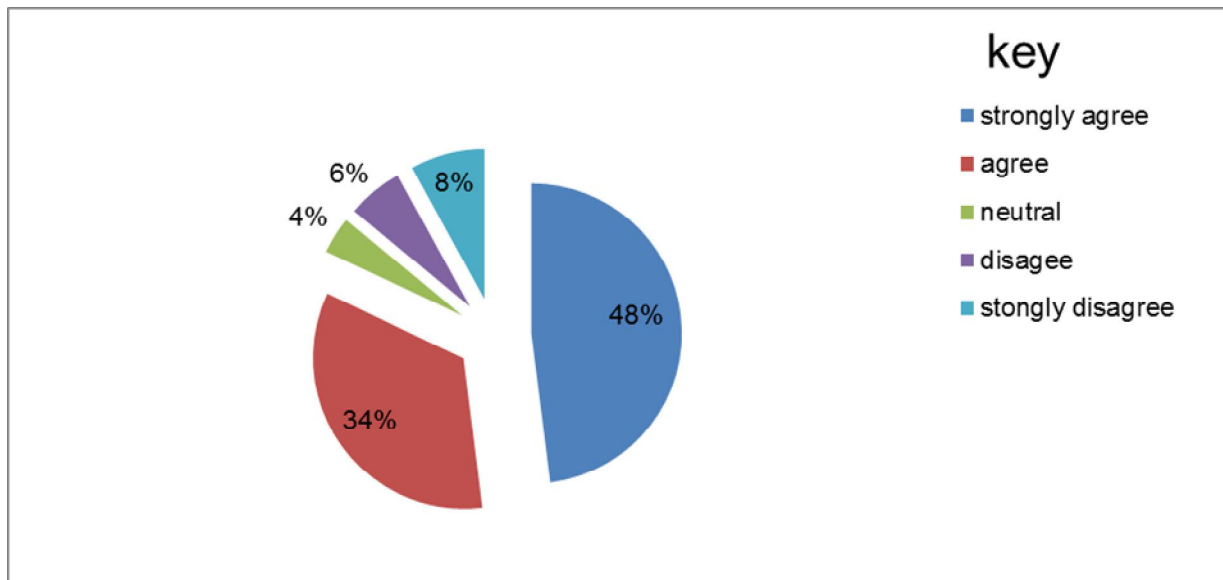
As depicted in Figure 4.8 below, most of the participants (44%) were unlikely and some (18%) were extremely likely to switch to other banks. According to Amoako (2012:134-148), consumers' sensitivity to service quality will vary across individuals in proportion to that person's opportunity cost of time, whilst time costs vary positively with income. This means high income individuals are more likely to have many things competing for their time and as such be less willing to engage in an extensive search for the lowest consumption alternatives than their less-time-constrained counterparts.

**Figure 4.8 Likelihood of switching to other banks**



As seen from figure 4.8 above, the majority of customers will remain banking with FNB, this could be due to these high time cost customers having higher total number of accounts holding with the bank, implying higher costs incurred to switch bank. However, the effect on retention decision is mitigated because of their high switching cost prohibits them from switching to a bank they are more satisfied with. These imply that bank's effort does not translate well into increasing satisfaction and especially retention for high time cost customers.

**Accessibility of FNB products and services**



**Figure 4.9 Accessibility of FNB products and services**

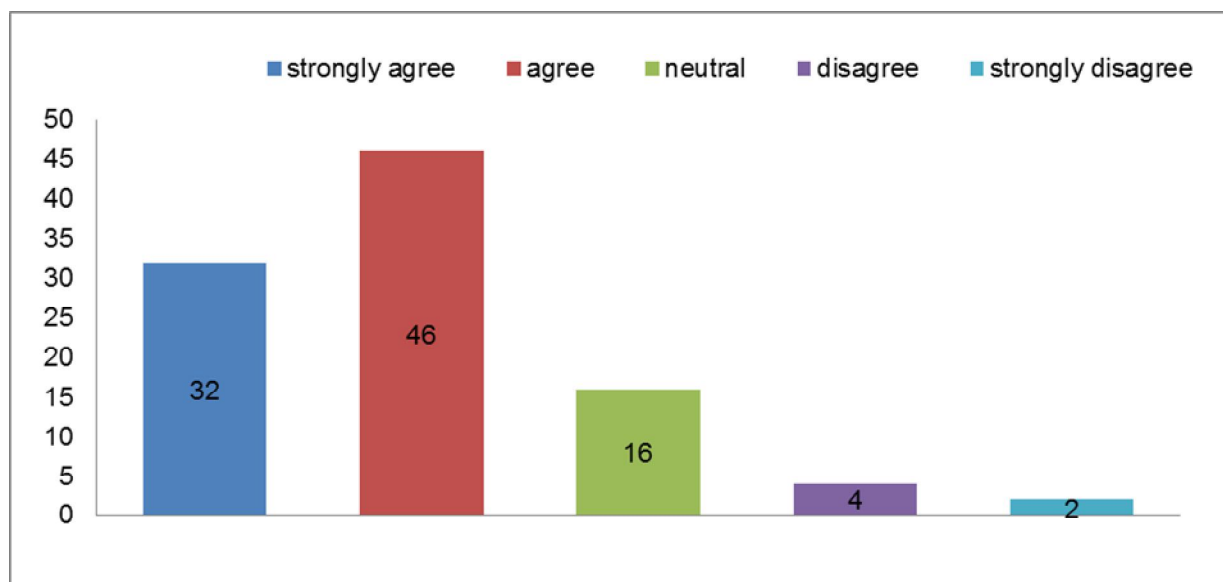
As noted in Figure 4.9 above most of the respondents (48%) strongly agree and some (34%) agrees that FNB locations, opening hours and accessing automated teller machines are convenient, however 8% of the respondents strongly disagree. This implies that the bank is highly accessible and is in agreement with Reinartz, Werner and Kumar (2000:17-35), where high time cost customers are more sensitive to overall convenience, whether an error was corrected quickly and flexibility of banking hour, rather than the fee component of the service.

This is because, with limited amount of time, such customers appreciate efforts made by the bank to save them time.

### **FNB values customer relationships**

As cited in Figure 4.10 below, some of the respondents (32%) strongly agree and most of the respondents (46%) agree that FNB values its customer's relationships, however a merely 2% tend to disagree. This shows higher levels of the bank's commitment in valuing its customers relations. These findings corroborates with the works of (Bohling, Lavallo, Mittal, Narayandas, Ramani and Varadarajan, 2006:184-194), which suggest that customer relationships with the bank have a positive impact revenues and profitability through long-term relationships. This is linked to the business strategy of differentiation which enables the bank to achieve superior outcomes (Iriana and Buttle 2006: 23-24).

**Figure 4.10 FNB values customer relationships**

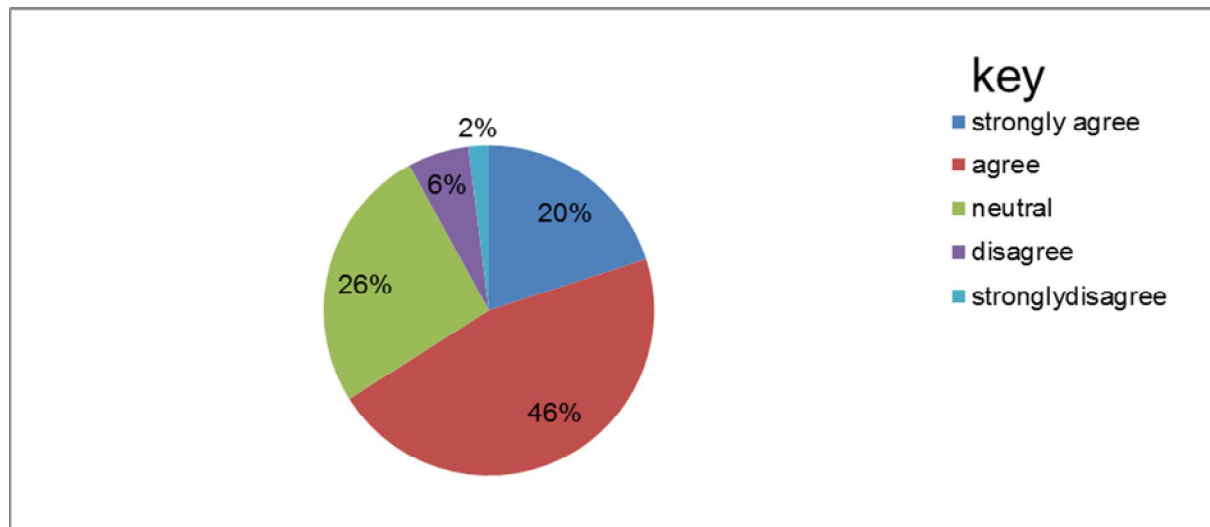


Products and services may be easy for competitors to copy, but a company which is good at creating customer loyalty is less vulnerable to attacks from competitors. Loyalty is definitely more difficult to copy (Peter Clark, 2010:5). Customer relationships trigger customer lifetime value (CLV). CLV can provide an exact figure for the FNB's largest asset (namely, customers), which is rarely mentioned in the Annual Report. The calculations enable management to follow the progress over time and to intervene if events start moving in the wrong direction.

FNB can therefore, evaluate the profitability of various marketing strategies including the effects of different loyalty programmes. Usually the costs connected with a loyalty programme are not difficult to calculate: it is more difficult to predict the income. Combining costs and income over a number of years (defined from FNB's perspective) will give an idea of CLV with and without a loyalty programme. FNB loyalty programmes may include different forms of customer rewards such as discounts on bank charges, exclusive offers to anniversary account holders, special service to different classes of customers and service delivery system upgrading among others.

## Loyalty to FNB

Figure 4.11 Loyalties to FNB



In the literature review it was shown that customer satisfaction was one of the main factors of customer loyalty and it was argued that it is impossible to develop strong customer loyalty without customer satisfaction (Singh and Waddell, 2004:100). As in Figure 4.11, about 66% (46% and 26%) of the respondents agree and 8% of respondents disagree that their loyalty with FNB has grown stronger over the past years. Hence, an inclining trend in customer loyalty to their bank has been found. Based on that trend, it can be forecasted that customer loyalty will continue to increase, thus improving FNB's financial performance.

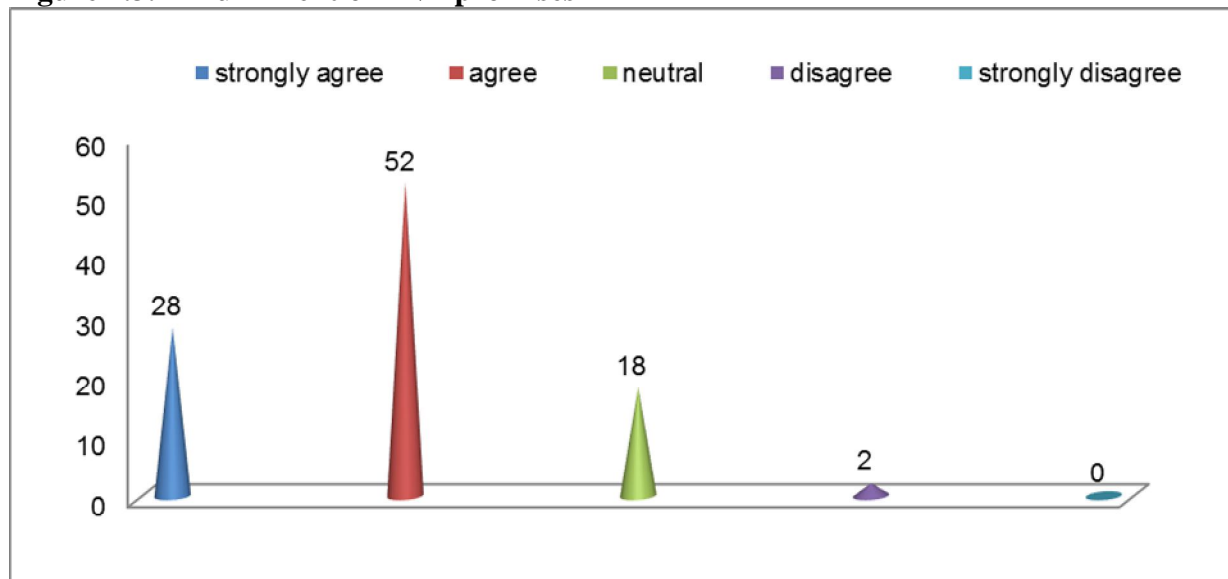
Customer loyalty at FNB can be used as an early warning system to detect increasing defection rates or cross-selling where customers leave the bank to join other competing banks. The predictive method is most suitable for this, because it is based on the most recent patterns of service consumption. It will identify in which segment the problem originates, and action can be taken to correct the cause. Most customers highlighted that the introduction of the 'Ka-Ching', mobile e-money transfer mechanism even to non FNB account holders to withdraw at any FNB ATM helped built loyalty using the first months of its introduction but when the customers discovered that FNB makes a double-dip by charging the both the sender and the receiver, their loyalty is dwindling. However, despite the frustration and retaliation shown by the customers, FNB strives to retain them at all cost as its employees have a general understanding that it is most profitable to invest in customer services in areas where there is the highest positive correlation with customer satisfaction like online banking, interbank transfers, electronic funds transfer (EFT), Real Time Gross Settlements (RTGS), cheque clearance and so on.

### Fulfilment of FNB promises

According to the results of this study in Figure 4.12 below, majority of the respondents (80%) agree that FNB fulfils all its promises however 2% disagree. This shows that the bank commits itself in delivering all its promises, and it's in agreement with Vesel and Zabkar (2010:213-235)

conclusion that banks wishing to retain, secure long-term profitability and develop loyal customers should be trustworthy and committed to the service ethic. Fulfilling customer promises at FNB helps build a strong brand. A mere observation by the researcher was that customers were willing to queue in FNB for a banking service rather than join banks with few clientele like Nedbank where they can hardly queue for 10 minutes for the same service. Such a brand brings some prestige with it to customers and lubricates marketing of FNB's services.

**Figure 4.3.12 Fulfilment of FNB promises**



Too many financial service providers' owners treat their customers like widgets on an assembly line. They move them along, take their money, and then make way for the next one. They reel their customers in with flashy advertising and marketing plans, and then leave them less than satisfied with their overall experience. This is not the case with FNB as 52% agreed and 18% strongly agreed that it fulfils its promises and never allow customers to play second fiddle. When FNB fail to deliver on its brand promises, it fails to create or maintain uniqueness in its brand categories. That translates to a lack of brand loyalty among its customers and allows competing banks like Bank Windhoek and Standard Bank to have leverage to absorb frustrated FNB customers.

### **Conclusion**

This chapter presented the results, data extracts and interpretation of the findings of the study. In this chapter, the researcher provided answers to the research questions by summarising the findings from the research study. In the next chapter, the conclusions and recommendations shall be presented.

## **CONCLUSIONS AND RECOMMENDATIONS**

### **Findings from the Study**

Below are the findings of the study, which includes findings from the primary research and from the reviewed literature.

### **Findings from the Literature Review**

The analysis above focused on the key motivation for customer loyalty towards FNB. There are several reasons that accounted for customer loyalty. The majority of the customers believed that good customer service produce loyalty to the bank. This was the most popular answer in comparison to other choices. Superior service quality has been recognised as a key influence in the formation of future purchase intentions since customers will be satisfied.

The findings indicated that on top of the high rated factors was accessibility as it has a positive correlation with loyalty. Customers in general would want easy access to cash as they usually keep accounts for such purposes. Following closely after accessibility was proximity. Customers will want to undertake banking transactions with a bank closest to them due to easy banking and convenience. The ability to understand and address customer's specific need is now a critical market reality. Bringing banking to the door step of customers deepens the relationship management process and this will lead to a longer customer partnership with the bank thus, convenience was also rated as an important factor. The implication is that customers will be able to access their accounts within and outside a given geographical area of the bank's branch.

### **Findings from the Primary Research**

The findings revealed that in banking like any other business the reputation of the bank plays an important role in attracting and keeping customers. Accordingly in an attempt to satisfy customer's, it is imperative to think of what the experience mean to the customer, what services they desire and most importantly how customer's want their services to be delivered. These amongst others lead to a high branding point for banks and subsequently build greater reputation for the bank. As findings reveal that customers put reputation of the bank as one of the key reason in staying loyal with FNB, the implication will be an edge over competition.

The findings also found out that prime interest, low bank charges are key motivating factors to drive customers to become loyal to the bank. Reasonable pricing was considered an important factor in driving customers to be loyal. FNB was commended for being an excellent service provider at reasonable rates, and its transparency regarding its fees hence this has increases the probability that the customer will remain loyal in terms of repeat purchase behaviour as the risk or expense involved in switching to other banks have been considered too high.

Customer care is very important in retail banking because it triggers customer loyalty. With the increased flow of information in the commercial banking sector, any perceived poor customer care is tantamount to maltreatment and customers can easily shift to other banks thereby losing customers to competitors. Customer care in the commercial banking sector is driven by the uniqueness of service delivery and service differentiation. FNB has 'prestige banking' which is for clients with middle-high income and offers them express service. Express service is a kind of service that does not allow the prestige clients to queue for any banking service but are allocated personal bankers who can send them express to the prestige banking class teller. However, such disparity is perceived by other ordinary banking family as discrimination which is perceived as poor customer care.

To retain customers, FNB has to avoid visible client profiling which triggers perceived discrimination. There is effective customer relationship management at FNB and this is one of the retention strategies that are most effective as communication is effective due to cell-phone banking. Service differentiation is also high which allows banking to be done from anywhere 24 hours due to internet banking. Customers feel they have to exchange their loyalty to enjoy all

these benefits at FNB. However, time and again, FNB has to improve customer care services in order to achieve customer loyalty since customer preferences and taste change over time and innovation is rife in the banking sector. Once a bank lags behind innovation and technological advancements, it will be regarded as a retrogressive bank and customers will switch to more innovative banks.

### **Conclusions**

Based on the findings on this research study, the following conclusions were made. These conclusions were based upon the observations and interpretations made by the researcher during and after the study:

- One of the major conclusions from the study was that the concept of loyalty to a bank can be thought of as continuing patronage over time. A loyal customer to a bank is, thus one who is likely to stay with the same provider, is likely to take out new products and services with the bank and is likely to recommend the bank's service;
- The research concluded that customer satisfaction is a leading determinant of loyalty. Customer satisfaction shapes the overall loyalty of the customers towards their service providers as it determines the frequency of their purchase behaviour after using the service or product;
- The study also concluded that service quality have a profound input on customer loyalty as it is defined as the result of the comparison that customers make between their expectations about a service and their perception of the way the service was performed;
- The study concluded that the corporate brand has become an important tool for a bank in reinforcing its position and retaining its customers. It has been found that a good image helps to develop and maintain relationships with customers hence; it has a significant impact on loyalty;
- It was observed that switching barrier is a factor that makes it difficult or costly for customers to change service providers and to demand a rival firm's brand. Thus high switching costs induce customers to remain loyal because of the high expenses involved in switching; and.
- It was also found that brand trust leads to brand loyalty and commitment since trust creates exchange relationships that are highly valued. It is also interesting to note that the corporate commitment to understand customer needs and striving to meet those needs makes customers to become committed to the corporation hence remain loyal.

### **Recommendations**

In view of the findings based on this research study, the following recommendations were made. The recommendations were directed to FNB management and these are as follows:

- It is recommended that the bank should extend the operating hours. The bank is currently closing at 15h00. Extended banking hours will cater to those customers who will be able to do business after normal work hours. This aspect has been found to be important according to the responses received from the participants in the research;
- The managers must try to maintain long term relationship with their customers. The customers must believe firmly that their respective banks deliver what they promise in their advertisement and they are not opportunistic but honest. The managers should

regularly take the feedback of the customers and should incorporate the changes desired by the customers in their feedbacks;

- The managers must arrange training programs for their employees in order to make them more effective while dealing with the customers;
- The ATMs should be prompt and managers must try to minimize inconvenience at automated teller machines for the customers;
- Managers must ensure that customer complaints are addressed with top most priority;
- Management should ensure the customer should feel secure when they use products and services of the bank and consider it an honest and worthwhile bank;
- Managers must ensure efficiency in their operations so that customers do not have to suffer or wait for long time for their intended work;
- The managers should always consider the needs of the customers. The loyalty comes in the customers once their stated as well as unstated needs are fulfilled by the managers of the banks. The point is, the managers should not only think of few basic needs of the customers. They should focus on providing extra pleasures to their customers; and.
- It may also be recommended that strategies to increase customer loyalty should involve creative marketing campaigns and social networks. The bank should continuously strengthen its positive image and inspire trust amongst consumers that will eventually help them improve customer loyalty to the bank. The main recommendations are summarised as follows:
  - To lead an adequate customer retention management to enhance customer satisfaction, increase in profitability and, as a result, inclining customer loyalty;
  - To emphasize the importance of high quality customer service; as it was found to be an important determinant of customer loyalty in the literature review; and.
  - To continuously enhance positive image of the bank that would be perceived by consumers.

### **Area (s) for further Research**

Based on this research study, the following recommendations were made for future research at FNB the recommendations were guided by the observations observed above. These recommendations are as follows:

- Further research should be carried out in order to enhance the understanding of the concepts of service quality and customer satisfaction and how they are measured because they are very important for service organisations in terms of profitability and growth; and.
- A similar study could be conducted with a larger sample size so that results could be generalised to a larger population.

### **Conclusion**

The research identified variations among key factors namely customer trust, customer perceived value, customer satisfaction and customer switching barriers that affect customer care and loyalty. Such variations can help FNB management to understand real causes of their weaknesses so that they can overcome these in order to build their customers loyalty. Based on the different responses of customers, there is need for FNB to do vigilant segmentation of customers in order

to provide the right products and services to the right customers. This research study proves that customer satisfaction has a significant influence on customer loyalty, and satisfied customers rarely switch to any other bank. Therefore, in order to satisfy bank customers better than their competitors, banks have to keep on improving their existing customer satisfaction strategies. Such strategies include warm reception from the tellers, extension of the banks operating hours, increase in efficiency to prevent long queues and more flexibility in home loan applications. At present, there is intense competition in the banking sector; these recommendations will enable FNB to enhance increased levels of customer care and hence loyalty.

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