KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY,

KUMASI, GHANA

THE IMPACT OF PRICING ON CUSTOMER LOYALTY IN SAVINGS AND

LOANS SECTOR IN THE FINANCIAL INDUSTRY: THE MEDIATING EFFECT OF

CUSTOMER SERVICE

BY

FELICITY BOATEMAA MENSAH (Bsc. MANAGEMENT STUDIES)

A THESIS SUBMITTED TO COLLEGE OF HUMANITIES AND SOCIAL SCIENCES

SCHOOL OF BUSINESS THE DEPARTMENT OF MARKETING AND

CORPORATE STRATEGY IN PARTIAL FULFILMENT OF THE REQUIREMENT

FOR THE DEGREE OF

MASTER'S OF BUSINESS ADMINISTRATION – STRATEGIC MANAGEMENT

AND CONSULTING OPTION.

AUGUST 2016

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CERTIFICATION

I hereby declare that this submission is my own work towards Masters of Business Administration and that to the best of my of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

Felicity Boatemaa Mensah ……………… ……………

Student ID- PG2113714 Signature Date Certified

by:

Dr. Kofi Poku .... ………….

Supervisor Signature Date

Certified by:

Dr. Wilberforce Owusu Ansah ……………… ……………..

Head of Department Signature Date

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ABSTRACT

To ensure that customers remain loyal, Price satisfaction measurement variables such as Price Reliability, Relative Price, Price Fairness and Price Transparency plays an important role in pricing policy in Savings and Loans Sector of the Financial Industry in Ghana. The more customers have access to adequate information on prices and customers perception about how transparent and fair the prices are, leads to more favorable perception of satisfaction and will increase customer loyalty toward repurchase and recommendation. Recently, numerous complaints have been received by MCSL high interest rate and high bank charges as compared to rivals and as such the total number of customers and deposit mobilized at the has significantly reduced. The study investigated and focused on four price satisfaction measuring variables that influence customer loyalty with mediating effect of customer service at Sokoban branch of MCSL. A sample size of 222 was selected using simple random sampling technique. Questionnaire was the main data collection instrument used. The study found that all the four price satisfaction measuring variables have significantly impacted on customer loyalty. The study have also revealed that all four price satisfaction measuring variables significantly impacted on customer service thus explained and there was a significant positive relationship. Finally, the study revealed that pricing significantly impacted on customer loyalty but with the introduction of customer service, the impact of pricing on customer loyalty had reduced and the conclusion was that customer service partially mediates the relationship between pricing and customer loyalty in the Savings and Loans Sector in Financial Sector in Ghana. That meant that pricing still have an impact on customer loyalty. However, the study found that other variables also impacted on customer loyalty such as corporate image which must all be of importance to management.

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ACKNOWLEDGEMENT

I am grateful to my heavenly father for all His guidance and grace through the production of this work. I also express my sincere gratitude to my supervisor Dr. Kofi Poku for his patience and guidance during the research and the preparation of this final report.

Finally, I express my heartfelt gratitude to my family for all the support and all others whose names cannot be mentioned but served as a source of encouragement to help make this study a success.
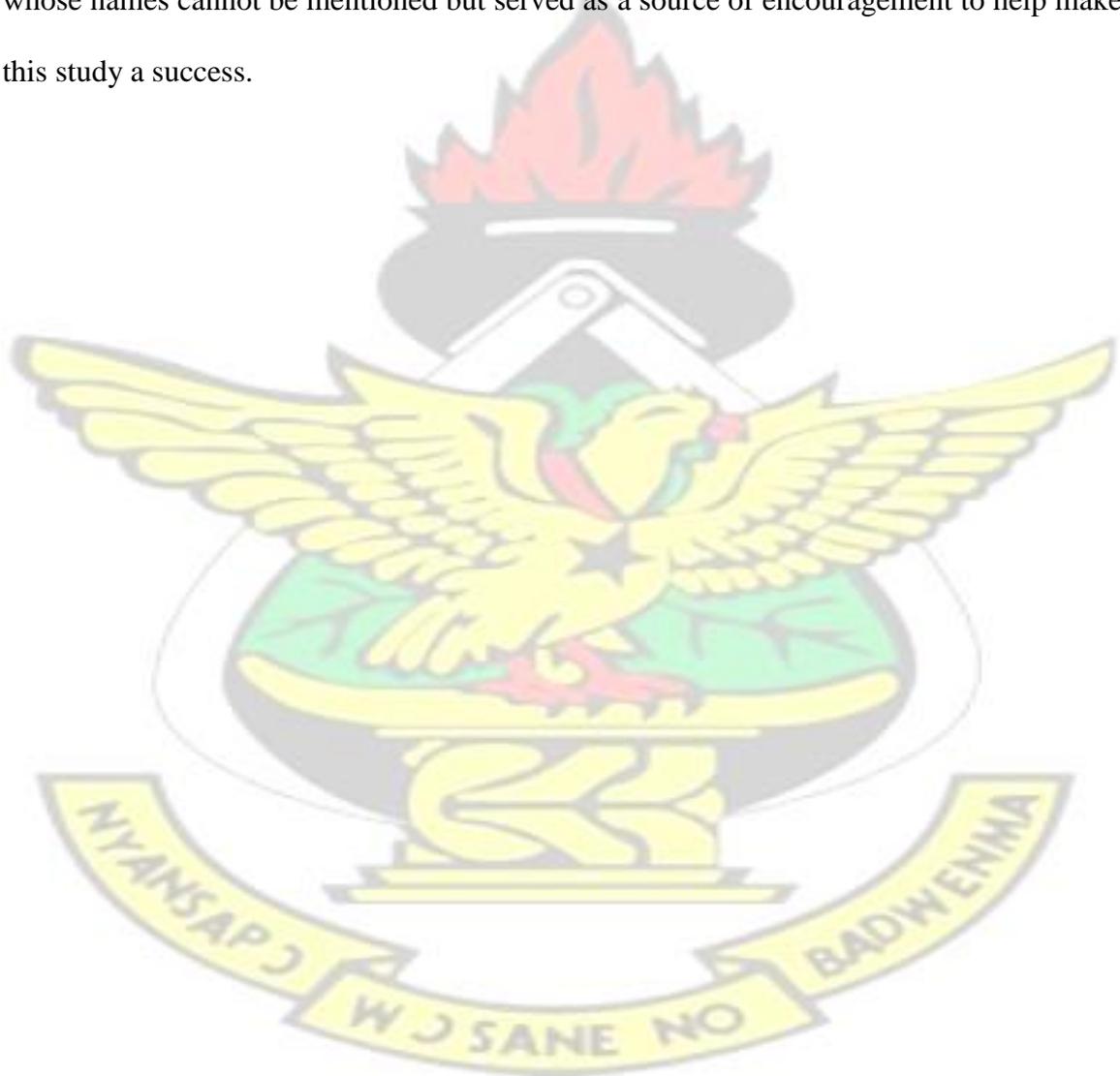
DEDICATION

This thesis is dedicated with gratitude and love to my family for their immense support throughout the study.

CHAPTER ONE

INTRODUCTION

1.1 Background

Loyalty to a bank has been explained as a customer continuously transacting business with a bank over a period of time. The extent of the loyalty of a customer could be measured by tracking and monitoring a customer's account over a specified period of time (Yi and Jeon, 2003).

In a related work of Beerli et al., (2004) the most identified factors that influenced customer loyalty in the financial sector were Perceived Quality, Satisfaction and Switching cost. Additionally, other studies were reviewed to ascertain if there were other additional factors that influenced customer loyalty in the financial industry. The literature reviewed from the work of Lin and Wang (2006) and Lauren and Lin (2003) identified two additional factors which included Trust and Commitment.

In Ghana, the number of players in the financial sector from the Bank of Ghana currently is twenty nine (29) licensed banks, sixty three (63) non banking financial institutions and one hundred and thirty seven (137) Rural banks. There are micro finance institutions of about Four hundred and sixty eight (468). All these institutions are engaged in the core activities of mobilizing funds from the public and investing these funds to ensure the needed returns.

Previously, traditional banks enjoyed relatively stable environment but due to intense competition and government regulations and policies most traditional banks are merging and introducing innovative strategies to remain in business.

Due to that, most of those traditional banks had lost a sizeable percentage of their customer base to non financial institutions like MCSL.

A service is explained as actions, processes and conducts that takes place during the period of interaction between the customer and the service provider (Santos 2002). In addition, a study by Kurtenbach (2000) further highlighted that businesses which succeeded in providing quality service to customers deliberately aimed or consciously set their customers as priority. Prioritizing customers by a bank could be done by concentrating on the present data on their customer base to better comprehend the perspectives of the customers concerning products and services offered by the organization (Etorre, 2001).

1.2. Statement of the Problem

From the work of Batt (2004) customers may consider changing their banks if customers had a better and reasonable price by a competing bank. This was because from the work of Matzler et al., (2006), it was proved that customers held an internal reference price against which new prices were compared to ascertain if prices charged were relatively high or relatively low.

Numerous complaints from customers have been received by Multi Credit Savings and Loans Company Limited concerning high interest rate, high bank charges and delay in processing loans as compared to other competitors. Due to the numerous complaints, the total number of customers and deposit mobilized has significantly reduced. This is a clear indication that certain customers are dissatisfied. Dissatisfied customers results in high switching cost which lead to customers not being loyal. Wining back all these dissatisfied customers has been a challenge. It cost five to eight times as much to acquire new or prospective customers than keep up existing ones. Customers who were unsatisfied could send away more business

from the bank than ten highly satisfied customers (Mohasan , 2011). Therefore measures have to be implemented to maintain existing customers by ensuring customers are satisfied through providing efficient customer service (Guo, Xiao and Tang, 2009). In the opinion of Vanpariya and Ganguly (2010), good customer service enhanced good corporate image and loyal customers since it was more expensive to win a new customer than to retain an existing customer.

Therefore, the study intended to examine the impact of Pricing, its effects on customer loyalty and the mediating effect of customer service at Multi Credit Savings and Loans Company Limited.

1.3 Objectives of the Study

The object of the study was to investigate the impact of pricing on customer loyalty in the Savings and Loans Company by focusing on the mediating role of customer service at Multi Credit Savings and Loans by focusing on the following:

1. Evaluate the impact of Price Reliability on Customer Loyalty on Savings and Loans Sector in the Financial Industry

2. Evaluate the impact of Relative Price on Customer Loyalty on Savings and Loans Sector in the Financial Industry

3. Evaluate the impact of Price Fairness on Customer Loyalty on Savings and Loans Sector in the Financial Industry

4. Evaluate the impact of Price Transparency on Customer Loyalty on Savings and Loans Sector in the Financial Industry

5. Evaluate the impact of Price Reliability on Customer Service on Savings and Loans

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Sector in the Financial Industry

6. Evaluate the impact of Relative Price on Customer Service on Savings and Loans Sector in the Financial Industry

7. Evaluate the impact of Price Fairness on Customer Service on Savings and Loans Sector in the Financial Industry

8. Evaluate the impact of Price Transparency on Customer service on Savings and Loans Sector in the Financial Industry

9. Evaluate impact of customer service on customer loyalty on Savings and Loans Sector in the Financial Industry

10. Evaluate the mediating effect of customer service on price reliability and customer loyalty on Savings and Loans Sector in the Financial Industry

11. Evaluate the mediating effect of customer service on relative price and customer loyalty on Savings and Loa8ns Sector in the Financial Industry

12. Evaluate the mediating effect of customer service on price fairness and customer loyalty on Savings and Loans Sector in the Financial Industry

13. Evaluate the mediating effect of customer service on price transparency and customer loyalty on Savings and Loans Sector in the Financial Industry

1.4 Research Question

The research intended to respond to the following subsequent questions.

1. What is the impact of Price Reliability on Customer Loyalty on Savings and Loans Sector in the Financial Industry?

2. What is the impact of Relative Price on Customer Loyalty on Savings and Loans Sector in the Financial Industry?

3. What is the impact of Price Fairness on Customer Loyalty on Savings and Loans Sector in the Financial Industry?

4. What is the impact of Price Transparency on Customer Loyalty on Savings and Loans Sector in the Financial Industry?

5. What is the impact of Price Reliability on Customer Service on Savings and Loans Sector in the Financial Industry?

6. What is the impact of Relative Price on Customer Service on Savings and Loans Sector in the Financial Industry?

7. What is the impact of Price Fairness on Customer Service on Savings and Loans Sector in the Financial Industry?

8. What is the impact of Price Transparency on Customer service on Savings and Loans Sector in the Financial Industry?

9. What is the impact of customer service on customer loyalty on Savings and Loans Sector in the Financial Industry?

10. What is the mediating effect of customer service on price reliability and customer loyalty on Savings and Loans Sector in the Financial Industry?

11. What is the mediating effect of customer service on relative price and customer loyalty on Savings and Loans Sector in the Financial Industry?

12.   What is the mediating effect of customer service on price fairness and customer loyalty on Savings and Loans Sector in the Financial Industry?

13.   What is the mediating effect of customer service on price transparency and customer loyalty on Savings and Loans Sector in the Financial Industry?

1.5 Significance of Study

There has been a lot of literature on customer satisfaction; nevertheless, this literature provides a little review into the impact of pricing on customer satisfaction resulting in customer loyalty. How customers perceive and process information on price is vital and possess an unremitting concern for researchers. One such School of thought assumes that customers hold an internal reference price which serves as a standard against which prices are compared (Matzler et al., 2006). Various works had been conducted and such studies focused on mostly one of the price satisfaction dimensions. For instance, the effect of price fairness on price perception (Campbell, 1999), the effect of price perception on satisfaction and behavior (Varki and Colgate, 2001) and some work focusing on service (Voss et al., 1998). In the banking industry, research has being done by (Varki and Colgate, 2001).

This study intends to look at four dimensions of price satisfaction variables (Price Reliability, Relative Price, Price Fairness and Price Transparency) impact on customer loyalty in the savings and loans companies: the mediating effect of customer service with focus on savings and loans companies in Ghana. Therefore this study is relevant to Management of Multi Credit Savings and Loans. Multi Credit Savings and Loans consider customer service as a vital pillar that will guarantee the company success. Therefore, the findings will be made available to the company under study for management to appreciate the views of their numerous customers and also assist management enhance pricing policy and customer

service quality at Multi Credit Savings and Loans to ensure customers remain loyal to Multi Credit Savings and Loans Company. It will likewise be useful to other researchers, educational institutions, corporate bodies and business analysts to empower them make informed decisions.

1.6 Overview of Research Methodology

A total population of five hundred (500) account holders was considered for the study. A sample size of 222 was selected (Miller and Brewer, 2003). A close ended questionnaire was used as the research tool. The questionnaire was interviewer administered.

The data gathered was analyzed using the Statistical Package for the Social Science (SPSS) version 16 programme to derive frequency tables, charts and the regression analysis to determine the mediating effect. The results to the research would be discussed in relation to the research questions.

1.7 Scope of Study

Multi Credit Savings and Loans Company Limited is one of the pioneer savings and loans in the Ashanti Region. It formerly started off as Garden City Community Bank in 1998 but due to factors such as tremendous growth in total deposit mobilized and total number of customers, the community bank was converted into a savings and loans company to meet the demands and needs of its numerous customers (www.mcslghana.com).

The research considered account holders of Multi Credit Savings and Loans Company, specifically Sokoban branch located at Kumasi. The fundamental reason Sokoban branch was considered was that the researcher worked at Sokoban branch and getting access to information was relatively easy.

1.8 Limitation

The biggest challenge like all social science research was that no research on human behavior was certain and conclusive therefore further studies had to be conducted on the subject area. In addition, the time period for the study was limited. The study was also conducted with customers from Sokoban branch of Multi Credit Savings and Loans, Kumasi, this may affect the generalization of the findings.

1.9 Organization of the Study

The research was structured into five chapters.

Chapter one looked at the introduction which factored the background of the study, brief profile of the company under study, problem statement, objectives of study, research questions, importance of the study, methodology used, Scope, limitations and organization of the study.

Chapter two reviewed previous work on pricing, customer loyalty and customer service and the mediating effect of customer service on Pricing and customer loyalty in the financial industry.

Chapter three discussed the methodology for the study which involved the population, sample size and questionnaire design.

Chapter four attempted to discuss and interpret the findings from the study

Chapter Five summed up, concluded and presented some recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter centered on the appraisal of appropriate literature to the study which would aid the process to understand the research topic better.

2.2 Customer

A customer is considered an end user of goods and services produced by an organization (Dei-Tumi, 2005). Customers could be internal or external to the organization. Internal customers are those who work for the Organization such as employees. External customers are various stakeholders such as the public, government bodies and agencies and other businesses who may require the organizations products and services for their operations (Dei-Tumi, 2005). Due to increasing height of competition and rivalry in the financial industry, a critical need to utilize more creative and innovative methods to meet the increasingly changing needs of the customer which was becoming more complex. Hence customers requesting better quality products and services (Dei-Tumi, 2005).

2.3 Pricing

Pricing is considered as the financial value given in exchange for product and services (Diller,2000). Pricing of products and services was vital in banking. However, Matzler et al (2006) concluded that customers held an internal reference price which was pegged as a standard against which new prices were compared. In spite of the above, Batt (2004) concluded that, customers may consider changing their banks if a better and reasonable price was offered by a competitor. A customer's perception of unfair price can lead to

dissatisfaction. Perceptions of unfair pricing leads to negative consumer reactions to the firm, including reducing purchase intentions, complaints and negative word of mouth. Thus, pricing judgments directly influenced customers post purchase attitudes including positive or negative recommendation and purchase intention (Matzler et al., 2006). Pricing judgment involved basic dimensions such as:

a. Economic Dimension

b. Psychological Dimension

Economic dimension dealt with costs and expected return on investment. In contrast psychological dimension dealt with the perception of customers in relation to price or price change. This involved honest pricing which ultimately results in price fairness. Banks ensuring that customers were satisfied with their pricing policies could be achieved through making use of the tools under customer advocacy. Customer advocacy dealt with giving customers open, sincere and full information on products and services especially in the area of fee structure (Urban, 2003).

2.3.1 Measuring Price Satisfaction in the Savings and Loan Sector in the Financial Industry

The financial industry considered certain factors in measuring price satisfaction. This study considered four of the price satisfaction measuring variables which include: **a. Price Reliability**

Prices are considered reliable if customers perceived there was no hidden cost. Before a bank considered price adjustments the element of reliability must be factored. For the price to be considered reliable by customer's, the price must be stable over a period of time. That

enabled customers plan their business transactions without any abrupt changes in prices of products and services. That is considered key in attracting and retaining customers (Somogyi and Gyau, 2009).

b. Relative Price

In an industry where there is fierce competition, savings and Loans companies factor the competitive environment which includes the total size of competitor, specific market being targeted, structure of industry and intensity of the competitor to make informed decision regarding pricing. If the competition is considered fierce, a savings and loans company may be forced to make certain price adjustments to enable the savings and loans company compete in such an intense environment (Somogyi and Gyau, 2009).

c. Price Fairness

Price fairness has been explained as the degree a consumer believes that the difference between a seller's price and a reference point is justifiable, reasonable and acceptable Matzler et al (2006). From studies conducted by Matzler et al (2006) and Xia et al (2004), further explained that customers consider prices to be fair or unfair when

a. Customers consider the price and the perceived quality of the products and services offered. The higher the perceived quality, the price charged is considered fair and the lesser the perceived quality, the price charged is considered unfair. It is a psychological factor which ultimately influences customer's reaction to price. The customer's previous experience also has an effect on what is perceived as reasonable, acceptable or justifiable.

b. Information gathered by customers on reasons for a certain price change may influence price fairness.

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c. Customers make price comparison by comparing what his or her current savings and loans company is offering and what competitors are also offering. If what his or her current savings and loans company was offering is better, then price is considered fair but if what the competitor offered was better than the customers current savings and loans company, then the price charged is considered unfair. Price fairness judgment can be based on comparison with transactions involving different parties.

d. The customer's common facts or viewpoint about the savings and loans company's practices and dealings which are generally acceptable or permissible.

d. Price Transparency

Customers require honest and clear information on products and services offered. Such is the interest rate on credit facilities, commission on turnover and cost of cheque book all aids customers make informed decisions. Savings and loans companies should make available to customers their quoted prices which are accurate and not misleading to help customers to make decision.

If customer perceived information on pricing of products to be misleading, then customers consider the savings and loans company as not price transparent and such customers may switch to competing savings and loans which customers assume are price transparent (Matzler et al., 2006). In the formation and perceptions stages, price transparency takes on a key role in a customer judgment process. Transparency is based on the amount of accurate available information to the customer to process. When customers have more information about the price, then a better favorable evaluation can be made and that can increase customers' loyalty in the form re-purchase and that can aid customers to make recommendations to others easily.

In summary, information on pricing and price transparency should be factored as a vital element of pricing policies.

2.4 Customer Loyalty

Loyalty to a savings and loans company is considered when a customer keep transacting business with a savings and loans company over a period of time. The degree of loyalty of a customer can be measured by tracking and monitoring a customer's account over a specified period of time (Yi and Jeon (2003). Therefore customer loyalty is explained as the readiness of a customer to buy similar product, services and continue the same profitable correlation with a company. Loyal customers are price insensitive (Inamullah, 2012). Research has also confirmed that loyalty can be in two different forms. The two forms include:

a. Attitudinal Loyalty

b. Behavioral Loyalty

Attitudinal Loyalty reflects the customer's intention to repurchase or make recommendations about the products and service. However, behavioral loyalty looked at the cognitive process that measures past purchase of the same service or products and the probabilities of future purchase given past behavior. However, Rauyruen and Miller (2007) emphasized in their work that customer loyalty hinged on rational or emotional factors. Loyalty has to be developed over a period of time. Rational factors are considered as the uniqueness of the product or service and emotional factors reflects the reactions of a consumer concerning a product or service.

Appreciating how customer think and behave are key psychological factors that can help savings and loans companies appreciate the benefit of loyal customers towards the survival of the product and services (Chen and Hu, 2010). In addition, Vessel and Zabtar (2009)

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conclude that if businesses including savings and loans companies considered surviving then loyalty of their customer's should be priority.

However, a customer who is loyal may not automatically be a satisfied customer. Simply transacting with a particular savings and loans company is considered not enough to be loyal but the repeated transactions need to be influenced by a favorable attitude toward the savings and loans company. Thus the value of psychological factor is essential (Filip and Constantinescu, 2007). In contrast, a customer who continues to repurchase from a savings and loans company because such customer believe that there is no convenient alternative is not a loyal customer. A customer can be impeded or prevented from switching or transacting with a competitor due to high switching cost (Srinivasan, 2007).

Nevertheless, a customer may exhibit repeat purchase behavior when he or she is satisfied with the services provided hence the customer opting for another service provider is minimized. For savings and loans companies to build a loyal customer base, maintaining a sustainable relationship with customers is the key (Inamallah, 2012).

In spite of the above, Beerli et al (2004) identified factors that influenced customer loyalty in the financial sector. These factors include: Perceived Quality, Satisfaction and Switching cost. However, other studies were also reviewed to ascertain if there were other additional factors that influence customer loyalty in the savings and loans companies. The literature reviewed on the work of Lin and Wang (2006); Lauren and Lin (2003) identified two additional factors which include Trust and Commitment.

In summary, a satisfied customer is more likely to be a loyal customer. This is established by (Gopalakrishnan et al., 2011).

2.4.1 Factors that Influence Customer Loyalty in Savings and Loans Sector in the Financial Industry

a. Perceived Quality

Perceived Quality is a factor which is considered to be closely related with satisfaction. Nevertheless, the study conducted by Sharma (2008), indicates that price can be an indicator of quality. In addition, service quality has being identified to have a profound effect on customer loyalty (Chumpitaz et al., 2004).

b. Customer satisfaction

Customer Satisfaction is explained as the point felt by customers that resulted from comparing supposed performance of service or product to what is expected by customers Bala (2013). In the savings and loans sector in the financial industry, the level of service provided is ranked by customers and then a decision to continue transacting with the savings and loans company is formed. The level of customer satisfaction is ranked high when customers paid a minimal price and offered a better-quality return. Customers are said to be dissatisfied when issues involving pricing of products and services do not meet the customer's ever changing needs. In the savings and loans sector in the financial industry, customers interests hinged on the interest rates on credit facilities, bank charges and processing fees. If the customer perceived the charges to be high, then customers may seek an alternative (Jamal and Kamal, 2004).

c. Switching Cost

A switching barrier is considered to be anything that makes it difficult or very costly for a current customer to seek an alternative service provider. Therefore, switching cost involve any obstacle that hinder a customer from seeking the services of a competitor (Aydin and Ozer, 2005). However, certain factors are identified such as financial factors like bank

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charges, interest rates on credit facilities and cost of service charge and technical factors like efficient operating system make it very costly or almost impossible for a customer to seek an alternative (Shergill and Bing, 2006). Nevertheless, (Kim, 2004) conclude that if the switching cost was high, it is more likely for the customer to make repeat purchase. **d. Trust**

According to Morgan and Hunt (2004) trust is the confidence a customer has in a service provider to show signs of reliability and integrity. A brand trust is explained as the customers' readiness to rely on the brand to really perform the purpose or function it is stated. The end result of trust is dedication. This reduces the cost involved in negotiating agreements (Berry, 2007). Nevertheless, trust is considered as a vital factor for customer loyalty. The effect of satisfaction and trust and commitment is positive. The better customers are satisfied, the greater the commitment therefore resulting in higher level of trust (Berry, 2007).

e. Commitment

Commitment is described as a desire to maintain a relationship. Commitment affects the state of mind of the person that makes a person share, identify and internalize the organizational values thereby being likely to be emotionally attached to the company (Morgan and Hunt, 2004).

2.4.2 Evaluating Customer Loyalty in Savings and Loans Sector in the Financial Industry

Customer Loyalty is seen as a customers' ability to demonstrate true dedication to an organization in spite of occasional mistakes or unresponsive service. Loyalty cannot be bought it is considered an inherent value (Khirdlah , 2005). Some of the variables to access customers' loyalty in savings and loans sector include:

a. Customer Retention

To achieve much understanding into why customers switch, it is vital for a clear distinction between customer loyalty and retention to be made.

Customer retention examines the capacity of savings and loans sector in the financial industry to keep hold of or attracts customers to stay with their present service provider.

Customer retention is a straight or positive appraisal of the organization's capacity to keep a lasting relationship with customers. Certain incentives can be used to attract or serve as stimuli to hold on to customers. For loyalty to increase there should be an increase in the retention rate of customers. Loyalty can only be switched by a change in the value system of the customer but customers could be retained through provision of incentive packages for customers (Khirdlah, 2005).

Cohen et al., (2006) examined some elements that can manipulate or affect consumer's decision to keep on with their banks or switch banks in New Zealand.

 The result of the study suggests that the most relevant factors for customer's retention were customer satisfaction followed by the corporate image of the bank and switching barriers. Personal qualities such as understanding, thoughtfulness and politeness shown by staff of banks in providing services was shown to minimize the rate customers switch and that helped banks to compete better (Gill 2012).

b. Re- purchase

 Customer loyalty is considered as being more than just routine buying. Most customers opted for organizations products because of ease and convenience. It reflected a mix of intent to purchase again a banks products or service than buy a competing banks product or services (Chen and Hu, 2010).

c. Customer Commitment

Committed customers exhibit extra dedication toward the company and are not easily swayed (So et al., 2013). When customers recommend MCSL's products and service to others in spite of competitor's products, it is an indication of showing loyalty. Competing banks trying to influence such committed customers to switch their buying behavior or patterns may be very difficult. In recent studies, loyalty allowed companies to ensure a long term, positive and favorable relationship (So et al., 2013).

2.5 Customer Service

A service is explained as actions, processes and conducts that takes place during the period of interaction between the customer and the service provider (Santos 2002). However, Santos (2002) emphasized that "Intangibility" makes service distinct from Products. Service can be felt and not seen. "Intangibility" is the key difference between Products and Services. In that sense, banks that aspired to achieve good customer service had to incur more cost in training staff and proactively requesting for feedback from their customers (Lin and Wu 2011).

2.5.1 Measuring Customer Service in Savings and Loans Company

Every employee in the bank must contribute to providing quality service. It was however the responsibility of top management in caving an enabling atmosphere that upheld delivering quality customer service in the bank (Saleem and Raja, 2014). To effectively measure the service quality of Banks, the "BANKPERF" model was propounded by Avkiran (1994). It was designed to appraise service quality in retail banking as professed by customers. "BANKPERF" had a strong hypothetical bearing on performance as the only measure of service quality (Cronin and Taylor.1992; 1994). The variables include: **a. Staff Conduc**t

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This was measured by how prepared employees were willing to offer help or assist a customer. Promptly attending to and providing the necessary and relevant information when needed was vital as it ensured that customers did not delay or spend so much time waiting at the banking hall (Kang, 2006). The element of staff conduct such as greeting of customers and acting politely had a positive effect on customer loyalty especially in the banking sector. Staff conduct could be enhanced by ensuring that services provided were done in a professional manner. Customers did not want to hustle with their business transactions. Customers required accurate service provision within the shortest possible time. Once the customer was assured about a better product quality and employees quick response, had a direct effect on customers being loyal to the bank (Ladhai, 2008). **b. Credibility**

Credibility from the view point of customers basically considered issues like accuracy, reliability, security and privacy in connection to services provided to their customers (Ladhai, 2008). It simply dealt with banks providing the right information or service when such services were required. However, minimizing the rate errors and securing customers from certain risks and doubts was vital. A critical example of such concern with security was with online banking transactions. Customers were careful in transacting online. Security therefore had an impact on better customer service provided by banks. In ensuring privacy required that information on the bank's customers were not easily accessed by third party without proper authorization (Black, 2001).

c. Communication

The aim of effectively communicating with customers was to build and maintain the trust and confidence of customers towards the bank. Banks must ensure that employees were trustworthy, knowledgeable and loyal to the organization. Banks should be clear and

responsible in providing accurate information concerning their operations and activities to their various stakeholders which were not misleading (Gonroos, 2001).

d. Access to Teller services

Customers must be provided with enough tellers to speed quality delivery of service provided by the bank. Empathy is a vital factor that the banking sector exhibit. Tellers must pay particular attention to their numerous customers (Mengi, 2009). Tellers showing acts of kindness, putting their selves in the shoes, politely addressing the customer and relating to customers as friends made customers feel very unique. Tellers being extra careful and giving special attention were essential in keeping and making customers happy and that made them more loyal and pleased with the service offered by the financial

institution (Lo et al., 2010).

2.6 The Effect of Price Reliability on Customer Loyalty on Savings and loans Sector in the Financial Industry

Price Reliability is explained as the fulfillment of raised price expectation and the prevention of negative surprises (Diller, 1997). Customers will perceive high price reliability if there is no hidden costs and if prices do not change unexpectedly. If prices change, customers should be informed properly and in a timely manner in order to build trust and maintain a long term relationship. Hidden charges or pricing is a general practice.

Of most savings and loans companies to advertise a "low" price while hiding other charges. Thus in effect such practice is harmful to establishing a lasting relationship with customers (Ayres and Nalebuff, 2003). Therefore this study will assume

H1: *Price Reliability has significant positive impact on Customer loyalty in Savings and Loan Company*

2.6.1 The Effect of Relative Price on Customer Loyalty on Savings and loans Sector in the Financial Industry

Customers make price comparisons by comparing the price or service offered with that of a competitor when making a decision. Relative Price is the price of the product compared with the products of competitors. It could be expected that the relative price of an offer directly influences satisfaction and as a result, satisfaction with the offer. Customer's choice to opt to transact with a savings and loans company based price, convenience and availability. The type of environment in the industry sector significantly influenced the company's performance. Factors which influence the competition includes the number of competitors, the size of the competitors, the specific target market and customers, industry structure and the intensity of rivalry. Varki and Colgate (2001) arrived at similar results in their study of the banking industry specifically price perceptions directly influence customer satisfaction, the likelihood of switching and the likelihood of recommendation. Customer value and perception of price fairness also have been identified as central determinants of customer's reactions to prices.

The price of the products compared to the competition is labeled as relative price. The optimal level of this can lead to satisfaction and loyalty.

H2 Relative price has significant positive impact on customer loyalty on Savings and loans Sector in the Financial Industry

2.6.2 The Effect of Price Fairness on Customer Loyalty on Savings and loans Sector in the Financial Industry

Price fairness has been identified as a psychological factor that has an important influence on consumer's reaction to prices. Customer's reaction can lead to boycotts, civil actions or lower sales (Campbell, 1999). Customers perceive price increase as unfair if customers think

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it only served to increase profits in the banking sector (Urbany et al., 1989). Price fairness is another vital construct that hinges on customers perception about price (Xia et al,2004) Customers are not willing to pay a price that is perceived unfair(Campbell,1999). Price fairness is different from Dual prices. Customers compare the price and the perceived quality to determine if the price is fair or unfair. The second way customers determine price fairness or unfairness is by comparing the price and the price offered by competitors which is accepted and conforms to the societal norms (Xia et al., 2004). Thus the study will assume that

H3: Price *Fairness has significant positive impact on Customer loyalty on Savings and loans Sector in the Financial Industry*

2.6.3 The Effect of Price Transparency on Customer Loyalty on Savings and loans Sector in the Financial Industry

Urban (2003) identified five trends that can influence customer power. These are increase in right to information, right to other options, basic transactions, increase interaction between customers and common distrust. These trends empower customers to insist on open, sincere and full information about prices of products and service. Price Transparency looks at access to information, having more options to choose from and simplified transactions aids in ensuring transparency. Customers need more honesty, transparency and full information on products and prices to make informed decisions. Thus price transparency can be considered an aspect of pricing policy which is vital. Price transparency is said to exist when the customers can easily get a clear, comprehensive quoted prices to make informed decisions in an effortless manner. The resultant effect of price transparency leads to decrease in evaluating cost and which would lead to increase price satisfaction. Most Savings and Loans companies have now installed certain software devices which assist customers get all the product and price related information they need for purchasing decision. Therefore, timely forecast of

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products and services can lead to a greater customer commitment and loyalty (Matzler et al., 2006). Therefore the study will assume that:

H4: Price *Transparency has significant positive impact on Customer Loyalty on Savings and loans Sector in the Financial Industry*

2.7 The Effect of Price Reliability on Customer Service on Savings and loans Sector in the Financial Industry

Bansiewitz (2002) distinguish service of customers as one of the factors that increase loyalty. Good relations with customers and their loyalty form namely good service customers. A customer receiving a service, given a good service makes it easier to take a decision to come back again and feel better satisfaction for the received service. According to Pan et al (2012), establishing and maintaining customer loyalty enabled companies develop beneficial relationships with customers. Some identified characteristics of loyal customers were that they were committed to the savings and loans company and not easily swayed by what competitor's offered (So et al., 2013). Loyal customers are ready to pay more, show higher buying trends and refuse to switch to competitors where slight errors from the banks were identified. In that sense, the onus lied on firms to have and maintain those loyal customers.

H5: *Price Reliability has significant positive impact on Customer Service on Savings and loans Sector in the Financial Industry*

2.7.1The Effect of Relative Price on Customer Service on Savings and loans Sector in the Financial Industry

Intense competition has had implication for the industry to compete either in the form of price competition as is done in the service industry. In the form of non- price competition is a form of competition that is more focused on quality of service (Zainvddin, 2002). Companies

need to highlight the competitive advantage that involves both price and non– price. Understanding and meeting customer expectations and subsequently being different from competitors are important in order to survive in the world of competition. A satisfied customer is a much stronger diver influencing repurchase loyalty than service quality (Curry et al.,2012).

H6 *Relative Price has significant positive impact on Customer Service on Savings and loans Sector in the Financial Industry*

2.7.2 The Effects of Price Fairness on customer service on Savings and loans Sector in the Financial Industry

Price is what the customer pays or gives for obtaining the product or service. Fairness of a price is a psychological factor that plays an important role in the customers reaction to the paid price (Kim et al., 2006). Price fairness is a judgment about whether an outcome is deemed reasonable or just (Bolton et al., 2003). In the work of Urbany et al.,(1989) customers perceived an increase in price as unfair if customers think it serves only to increase profits (Urban,2003). Banks should ensure open, honest and complete information about products and their prices. Perceived price fairness directly influenced customers overall satisfaction and therefore post purchase attitudes and behaviors (Voss et al., 1998).

H 7 *Price Fairness has significant impact on Customer Service* on Savings and loans

Sector in the Financial Industry

2.7.3 The Effects of Price Transparency on Customer Service on Savings and loans Sector in the Financial Industry

Customers do not always have complete information regarding product utility and prices and thus make their purchase decision based on the information available to them (Kim et al., 2008). This lack of information leads to a decision making process under uncertainty (Monroe and Lee, 1999). The availability of information about the exchange pertains to prices, fee structure influence their judgment. When consumers compare their perceived gains or benefits from the transaction with their perceived monetary sacrifice and judge that customers sacrifice is greater than the benefits, customers were likely to be dissatisfied (Spreng et al.,1993). Therefore information on price should influence consumer's satisfaction judgments both directly and indirectly.

H8: *Price Transparency has significant positive impact on Customer Service on Savings and loans Sector in the Financial Industry*

2.7.4 Effect of Customer Service on Customer Loyalty on Savings and loans Sector in the Financial Industry

Organizations have established that the worth of loyal customers was a vital element in the success of the business. Loyal customers purchased more, made purchases often, were less expensive to serve and had higher retention rate. Customer loyalty level could be influenced through treating customers well once they had been acquired.

Exceptional customer service was one of the most vital means for ensuring customer loyalty. Customer service officers are the front liners in the battle to attract and win customer's loyalty. In a research by Vanpariya and Ganguly (2010), it was established there was strong

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a direct correlation between affirmative word of mouth and loyalty intention. To ensure a good provision of customer service, customer service officers must be equipped with the right and necessary information. According to Oliver (2006), Customer service was a chain of actions intended to improve the of customer satisfaction level. This was mostly the feeling that services provided had met the customer's expectation. The real service may be provided by an employee or automated means. An example, of automated means was the use of Automated Teller Machines (ATM'S) to

provide service to customers. Customer service played a vital role in the banks capacity to generate income and revenue. This can be effective with the full support of management. With such support, a customer service policy will be implemented to guide the savings and loans company. An organization must go beyond their customer expectations in order to satisfy, maintain and promote a healthy relationship with customers. Competition in international markets had intensified the value of customer loyalty as a way to achieve lasting or long term competitive advantage over the banks rivals (Aksoy,2013). Harvard Business School Newsletter Executive Education (2009) suggested that brand loyalty could only be protected through customer relationship building. Building relationship with customers involved using innovative strategies or tactics.

The bank's ability to measure service quality had been identified as a key feature influencing customer satisfaction or dissatisfaction (Saleem and Raja 2014). Customers were satisfied if served with quality service. Therefore, this study will assume: customer value and perceived price fairness had been identified as central determinants of consumers reactions to prices (Varki and Colgate, 2001). Therefore, the study will assume:

H9: *Customer Service has significant positive impact on Customer Loyalty on Savings and loans Sector in the Financial Industry*

2.8 The General Mediation Effect

A mediator relates the impact of an independent variable to a dependent variable. Total mediation was explained as the total involvement caused by the mediator variable. The resulting effect was that the early variable no longer was affected by the outcome variable. That meant that, the mediator variable had being assumed to cause the effect in the outcome variable. In the event the mediator variable was prone to be underestimated, the effect of the independent variable and the independent variable was likely to be overstated. Therefore for it to be resolved, an instrument variable was used to resolve the problem, but if the mediation caused by the mediator variable was perfect in nature, then the independent variable and the mediator variable were correlated to each other. The correlation between the mediator variable and the independent variable was termed as collinearity. If the independent variable explained all the variations caused by the mediator variable, then there would be no unique variation that would explain the dependent variable and thus result in Multi Collinearity. Certain conditions must be met for mediation to be effective. There should be a positive and significant effect on the independent variable and dependent variable. There should also be a positive and significant impact on the independent variable and the mediating variable. If the impact was zero then there was full mediation however, if the impact was less than zero then there was a partial mediation (Mackinnon 2008).

2.9 Mediation effect of Customer Service on Price Reliability and Customer Loyalty

Customer service, Customer loyalty and Pricing are important concepts in the savings and loans companies due to the basic fact that without the customers there would be no business and as a result of competition, customers have a choice. A dissatisfied customer was likely to tarnish the reputation of the organization, take their businesses elsewhere and may not give the bank a second chance to redeem its image (Chin and Wu, 2011). Most customers are

knowledgeable, demanding and know what pertained in most savings and loans companies. Unexpected changes in market prices and conditions are also reasonably priced appliance is effective in attracting and retaining customers. Customers will perceive high price reliability if there are no hidden cost, if prices do not change unexpectedly.

H10: *Customer service mediates on Price Reliability on Customer Loyalty on Savings and loans Sector in the Financial Industry*

2.9.1 Mediation effect of Customer Service on Relative Price and Customer Loyalty

Service provision was not separate from the person offering the service therefore the need to adopt superior customer service culture to produce loyal customers. In a competitive environment, all services and products were easily imitated therefore product advantages could be very short term. For example, most savings and loans companies have introduced soft loans for funerals, school fees and many other products to attract more customers. Rapid application of modern information technology had also resulted in most banks offering almost the same products and services. For example most Savings and Loans companies had introduced Automated Teller Machines (ATM'S) to compete with the commercial banks. For that reason, good customer service enhanced corporate image and loyal customers since it was more expensive to win a new customer than to retain an existing customer (Vanpariya and Ganguly 2010). Price setting decisions are only as good as the underlying information. The capacity to identify the relevant information and assesses and take quick decision.

This eventually led to increased business performance. The longer the relationship between a financial service provider and a customer, the more profitable the relationship for the bank. Therefore satisfied customers were more likely to make recommendations to others. This

showed that there was a direct relation on customer service on customer loyalty and pricing (Guo, Xiao and Tang, 2009). The study will assume:

H11: *Customer Service mediates on Relative Price and Customer Loyalty on Savings and loans Sector in the Financial Industry*

2.9.2. Mediating Effect of Customer Service on Price Fairness on Customer Loyalty on Savings and loans Sector in the Financial Industry

Pricing must fit both from the customer's point of view and in relation to the originating and operating processes within the company. Price fairness is another vital construct that hinges on customers perception about price (Xia et al, 2004). Price fairness is one of the psychological factors that affect customer's reaction to price satisfaction. Customers are not willing to pay a price that is perceived unfair. Perceived unfairness could result in consumer boycotts or decrease in sales (Campbell, 1999)

H12: *Customer Service mediates on Price Fairness on Customer Loyalty on Savings and loans Sector in the Financial Industry*

2.9.3. Mediating Effect of Customer Service on Price Transparency on Customer Loyalty

Greater transparency requires not only greater efforts by banks to better communication their pricing decisions but also value the proposition of products and services. Pan et al (2012), establishing and maintaining customer loyalty enabled companies develop beneficial relationships with customers. Some identified characteristics of loyal customers were that they were committed to the savings and loans company and not easily swayed by what competitor's offered (So et al., 2013). Loyal customers are ready to pay more, show higher buying trends and refuse to switch to competitors where slight errors from the banks were identified. In that sense, the onus lied on firms to have and maintain those loyal customers.

H13: *Customer Service mediates on Price Transparency on Customer Loyalty on Savings and loans Sector in the Financial Industry*

2.10 Conceptual Framework

From the review of the literature discussed above, a conceptual framework was developed to identify the relationship between pricing, customer loyalty and the mediating effect customer service. The independent variable was Price, dependent variable customer loyalty and the mediating varible being customer service.

H4
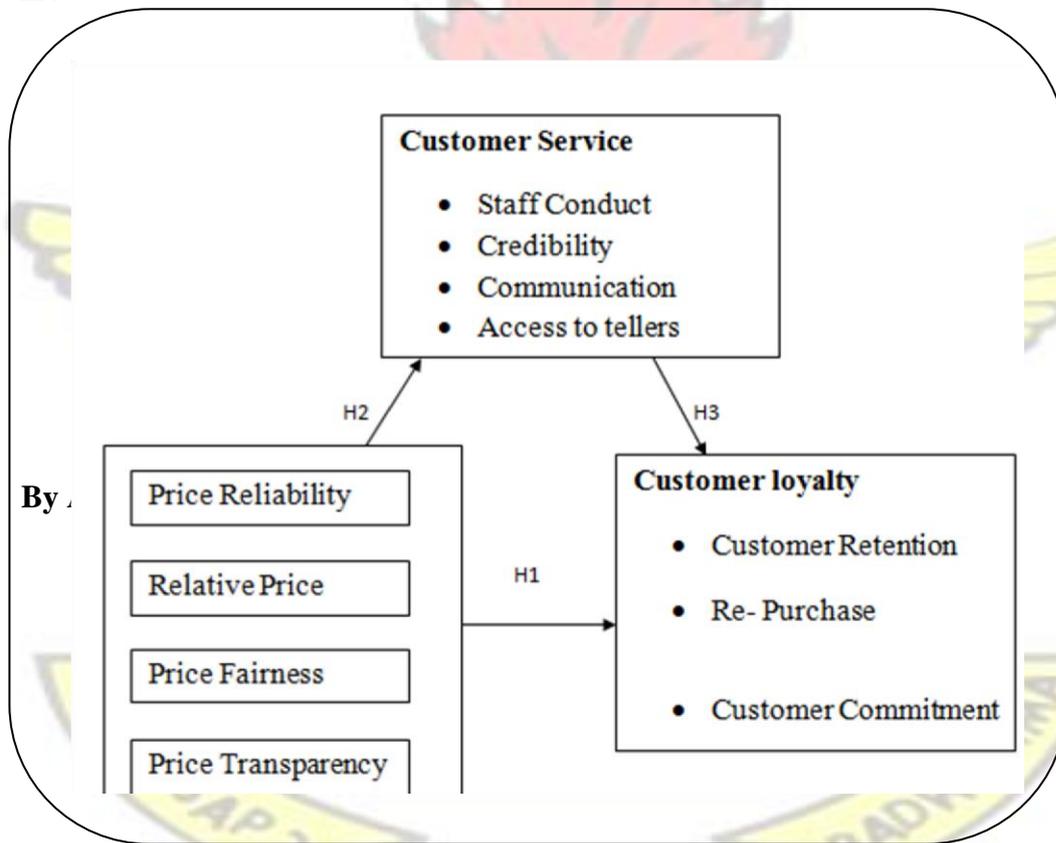
Source: Author's own Construct, 2016

CHAPTER THREE

METHODOLOGY

3.1 Introduction

The chapter discussed the methodology used in the study. The chapter considered the purpose of the research, the research design, how data was gathered, population and sample and sampling technique adopted and the questionnaire design which was used for collecting the data.

3.2 Research Design

Research Design involved a set of guiding principle and directives that were applied in carrying out a research. The aim of the research design was to attain better control of the study. The researcher in the study had employed a quantitative data collection technique and data analysis. The research design aided the researcher in answering the research questions (Saunders et al., 2007).

In this study, descriptive research was employed. Frequency tabulation and regression analysis was considered to sum up and illustrate the effect of customer service on pricing and customer loyalty of MCSL customers who responded to the questionnaire.

3.3 Study Population

The study involved a total number of account holders at Multi Credit Savings and Loans at Sokoban branch which was a total of five hundred (500). The total number involved both personal and business account holders. Multi Credit Savings and Loans Company Limited is one of the pioneer savings and loans in the Ashanti Region. It formerly started off as

Garden City Community Bank in 1998 but due to factors such as tremendous growth in total deposit mobilized and total number of customers, the community bank was converted into a savings and loans company to meet the demands and needs of its numerous customers (www.mcslghana.com).

3.4 Sampling and Sampling Technique

The total population of the study was 500.   Out of the total population, 222 respondents were selected at a confidence level of 95% and a margin of error of 0.05. A formula from Miller and Brewer (2003) was used for the determination of the sample size.

$n = \frac{N}{1+N(\alpha)^2}$, where n was the sample size, N was the total population and α was the margin of error (0.05). Mathematically:

$$\frac{500}{1 + 500(0.05)^2} = 222 \text{ respondents}$$

The sampling procedure used was the simple random sampling technique thus the selection of sample numbers was being unbiased and each respondent had an equal probability of being selected.

3.5 Data Collection Instrument

The type of data used for the research involved primary data. Primary data meant the data was collected directly from the respondents. The data was collected from the various account holders on the banking premises to transact business. Questionnaire was the instrument used to gather the data. The instrument was grouped into four sections: Section

A comprised the general information, Section B involved questions relating to Pricing, Section C also involved with questions relating to Customer Loyalty and Section D involved

questions relating to Customer service. The structured questionnaire was considered for the study (Saunders et al., 2009).

The questionnaire that was interviewer administered. The researcher went through the questionnaires with account holders who had difficulty due to illiteracy using the local dialect "Twi" language which made it easy for such respondents to understand and answer appropriately (Saunders et al., 2009). It was considered that the response rate was high mostly during the morning and afternoon. The reason for choosing to use Questionnaire was due to the following:

1. Questionnaires were simple to Understand, Analyze and most Statistical Analysis Software can effortlessly analyze them

2. Questionnaires were cost saving when compared to Telephone interview

3. Respondents to the questionnaires were not easily distracted.

4. Written Questionnaires minimize the Interviewer partiality because of the standardized questions format

5. Questionnaires guaranteed confidentiality where those conducting the study promised not to reveal the information to anyone.

For the purpose of follow up, the questionnaires were mostly numbered as compared to using the names of the respondents. The entire process took about three month to complete. The questionnaire was developed on a five point Likert scale ranging from 1(strongly disagree) to 5(strongly agree).

3.6 Data Analysis

The findings would be analyzed using the Statistical Packages for Social Science (SPSS program) Version 16. The analysis was done in order to determine the regression to evaluate the mediating role of customer service on pricing and customer loyalty.

3.6.1 Reliability and Validation

The researcher was certain that the data received was valid and reliable. Validity looked at the distinction, appropriateness and accuracy of the methods used in answering the research questions (Kumar, 2011). Miller (2010) explained reliability that it dealt with accuracy and consistency of the research findings. However, Zero measurement of error was not practicable in the study. Measures were considered to minimize such errors.

In the study, Cronbach Coefficient Alpha was 0.953 applied to assess the internal consistency. Dimensionality and validity assessment was assessed using factor and correlation analyses. The reliability was assessed using the coefficient alpha.

3.7 Brief Description of Study Area

This section gives a description of the area as far as this study was concerned. Sokoban is part of the Kumasi Metropolitan Assembly. It is part of the Nhyiaso Constituency. The area wood village was sited mainly for the wood workers in Kumasi. It is also a hub for other businesses such as the cowhide and other business. It is an investment destination for the private sector, bilateral and multilateral institution in the area of wood work. Since one of the priorities of government was to promote small businesses, Sokoban wood village being used for the study becomes a good option.

A Savings and Loans Company is a company which offer services and products to various customers such as Deposits, Loans, and other money transfers services just like the banks. In Ghana, Savings and Loans companies are part of the Non- Banking Financial Institution (NBFI) which are supervised and regulated by Bank of Ghana. The current minimum requirements for Savings and Loans Companies in Ghana is GH¢ 15 million. In all there are about (27) twenty seven registered companies in Ghana. These companies are regulated under the Financial Institution Non-Banking Law 1993(PNDC LAW 328) and governed by Act 2008, Act 774.

The organization understudied was Multi Credit Savings and Loans which began as a Community bank in Kumasi. It was Incorporated as a Private Limited Liability Company under the Companies Code 1963 (Act179) on September 17,1998 and finally Licensed by the Bank of Ghana on July 5,1999 with the mandate to carry out non – banking financial functions under the Financial Institution (Non- Banking) law 1993 (PNDCL 328). It was finally certified to Commence Business on August 9, 1999. The company is governed by the Board of Directors who directs the affairs of the company. With over sixty two branches and agencies, this total number has been grouped into the northern and southern sectors which are headed by Area Mangers. All these branches are also headed by their respective branch managers. The head office is situated at Bantama opposite My Bet.com building. Multi Credit Savings and Loans Company (MCSL) core business ensures that customer satisfaction is a priority. Customer satisfaction is a vital component or pillar on which MCSL hinges on. Multi Credit Savings and Loans (MCSL) began as a Community bank in Kumasi. It was Incorporated as a Private Limited Liability Company under the Companies Code 1963 (Act179) on September 17,1998 and finally Licensed by the Bank of Ghana on July 5,1999 with the mandate to carry out non – banking financial functions under the Financial

Institution (Non- Banking) law 1993 (PNDCL 328). It was finally certified to Commence Business on August 9, 1999.

From the initial stages, the then Garden City Community Bank grew with a substantial increase in customers primarily petty businesses desiring to put The Mission of the MCSL is "To Develop Demand- Driven Financial Products and Services and make them easily accessible to our target market". The Vision is "To Develop and Maintain an Outstanding Reputation as the Leading Savings and Loans Institution in Ghana." MCSL started operations on 5th July, 1999 on the second floor of its building at New Tafo opposite the Traffic Light. The Head Office is now located at the Trust House Bantama opposite My Bet.com. At the end of December 2015, MCSL could boost of 62 Branches and Agencies. Now MCSL operates in almost all the Regional Capitals in Ghana with the exception of Volta region. Plans are advanced to start operation on the Aflao boarder in the Volta region to cover all the ten Regions in Ghana (Multi Credit Savings and Loans, 2016).

A portion of the Loan Products of Multi Credit Savings and Loans (2016) are.

Special Susu: This was particularly intended for petty traders who contributed daily savings. Contributors had access to credit facility after twenty days (20) of contribution. Flexible repayment period were made within one year at an attractive interest rate.

Prestige Susu: This type of product was also designed for contributors who could contribute a minimum of fifty Ghana Cedis daily (¢50.00).

Import Financing and Ticketing: This product was also for customers who had difficulty with buying tickets and clearing goods from the ports. This was a short term facility to relieve customers the pressure from clearing their goods from the ports. A period of three months is given for repayment at an attractive interest rate.

Funeral Loan: Credits facility is also made available in the event of death of a love one. It is given for a maximum of one month.   No initial contribution required.

Personal Loans: This could be in the form of loan or an overdraft. This is made available to customers who operate current account with the institution.

Corporate Loans: This type of facility was given to well establish businesses. It could be an overdraft or a term loan with a minimum repayment of one year. Our numerous clients also have access to Depository Products and services. This includes:

Current Account

This was particularly intended for customers who required limitless access to deposits. Clients were issued with cheque book specially designed for each customer.

Savings Account

It enabled customers who desired to make regular deposits to meet future needs or demands. Such accounts attract monthly competitive interest rate. A Savings passbook is issued recording of sums saved and withdrawals made.

Investment Account

This is an investment for a period of three months to one year. Such investment attracts a high interest rate as compared to the ordinary saving

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION

4.1 INTRODUCTION

The chapter focused on the result of the analysis of data using the survey data collected from account holders at the Sokoban Multi Credit Savings and Loans, Kumasi on the impact of pricing on customer loyalty in the savings and loans companies focusing on the mediating role of customer service. Most importantly, through the analyses, the chapter met the specific objectives of the study. The results of the study had been discussed under various sub-sections in line with the research objectives.

4.2 ANALYSIS AND DISCUSSION

The respondents' general information covered the demographic and socio-economic characteristics. It provided a brief characteristic of the respondents such as gender, age, type of account held and the number of years the account holders had banked with the Sokoban Multi Credit Savings and Loans. Analysis of those characteristics helped to better understand the problem under investigation. In all, two-hundred and twenty two (222) respondents were contacted for the study and they all agreed to take part in the study. This meant the

participation or response rate was 100%. The general information of the respondents was presented in the sub-sections below;
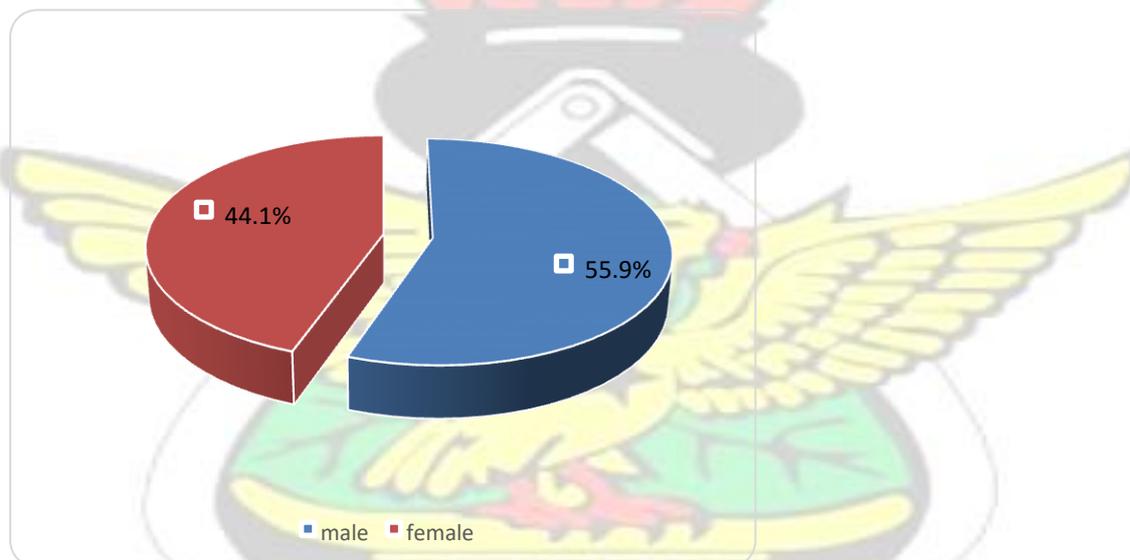
Figure. 4.1

Gender of Respondents

Source: Field survey, 2016

On the gender of the respondents, the study revealed that males were approximately 56% whereas females constituted 44% of the respondents as shown in Figure 4.1. It could be seen that males constituted the majority of the respondents as far as the study was concerned. This was not attributed to researcher's bias but based on the gender profile of the account holders

at Sokoban branch. The implication of the finding was that any programme that would be organized by the financial institution on pricing, customer service and customer loyalty should be male representative.

Figure 4.2
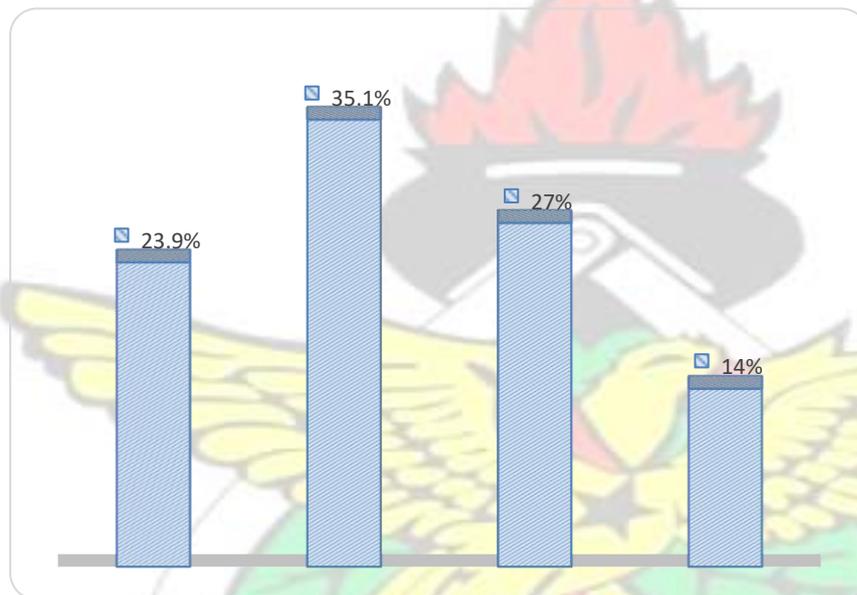
Age of the respondents

Source: Field survey, 2016

The ages of the respondents were in a range from under 20 years, 21-30 years, 31-50 years as well as 51 years and above. Despite these differences in age, approximately 24%, 35%, 27% and 14% of the respondents fell within the age cohort of under 20 years, 21-30 years, 31-50 and 51 years and above respectively as displayed in Figure 4.2.

The Figure 4.2 represent that the age range of 21-30 years constituted the majority of the respondents. That threw light on the fact that most of the respondents were youthful in nature. That also meant that the future of Multi Credit Savings and Loans was encouraging as it had energetic young men and women as its major customers. Therefore, if Multi Credit Savings and Loans was organizing a programme to improve customer service and customer loyalty, it should mostly take into consideration the needs of those between 21-30 years of age since the performance of the financial institutions may depend on them.

Figure 4.3
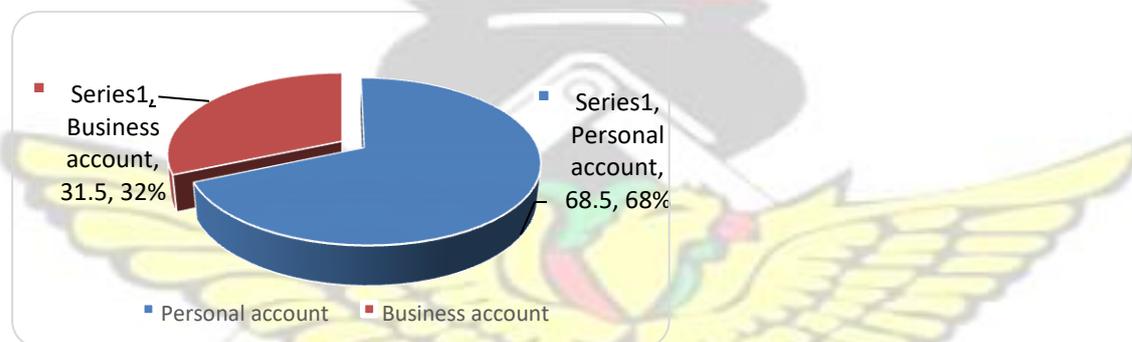
Account status of account holders of MCSL

Source: Field survey, 2016

As seen in Figure 4.3, 31.5% of the respondents were personal account holders whereas 68.5% were business account holder. That revealed that majority of the respondents were business account holders.

Figure 4.4
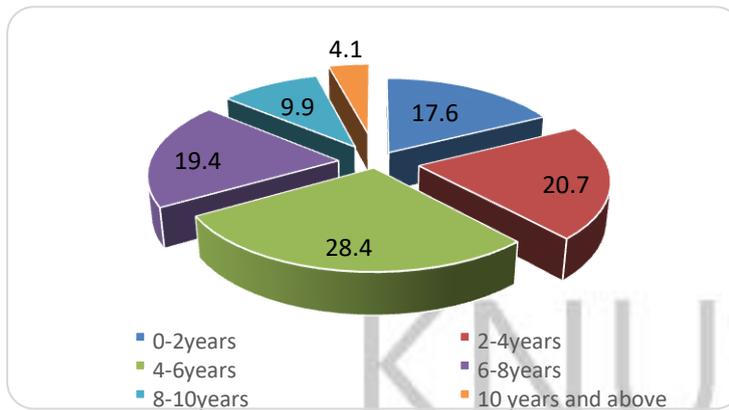
The Number of Years Customers had transacted with MCSL

Source: Field survey, 2016

The number of years banked with a financial institution was very vital especially when analyzing issues regarding customer service, customer loyalty and pricing. In view of that, respondents' were asked to indicate the number of years they had banked with the organization as demonstrated in Figure 4.4. In doing so, the study revealed that majority (28.4%) of the respondents had banked with MCSL for between four to six years whereas only few (4.1%) had banked with the branch for 10 years and above. It was revealed that the customer base of the banked had increased over the years since those registered account holders who had banked with the branch within 2-4 years now exceeded those over 10 years and above. That could be attributed to good polices such as good customer service, pricing policies such as low interest rate on loans and higher interest on savings.

Table 4.1 Reliability Statistics

Cronbach's Alpha	N of Items
.953	3

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Table 4.1.1.: Reliability Statistics for individual item

Item	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Pricing	7.4955	2.432	.906	.931
Customer Service	7.5078	2.188	.909	.926
Customer Loyalty	7.4357	2.208	.896	.937

The study reported a Cronbach alpha value of 0.931 for pricing, 0.926 for customer service and customer loyalty 0.937. That gave an overall Cronbach alpha value of 0.953 for all the three Variables (pricing, customer service and customer loyalty). Under normal circumstance, Cronbach alpha coefficient of a scale should be above 0.7 as indicated in the work of (Pallant, 2005). Therefore, Cronbach alpha coefficient, which was 0.953 suggested that the scale could be considered reliable with the sample size used for the study (See Table 4.1).

Table 4.2: Correlation of the various variables (relative price, price reliability, price transparency, price fairness, customer service and customer loyalty)

		Relative Price	Price Reliability	Price transparency	Price fairness	Customer loyalty
Customer Loyalty	Pearson Correlation	0.708	0.453	0.698	0.710	
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	

	N	222	222	222	222	
Customer service	Pearson Correlation	0.664	0.536	0.676	0.761	0.872
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000
	N	222	222	222	222	222

Source: Field survey, 2016

a. The Impact of Relative Price on Customer Loyalty

The correlation between relative price and customer loyalty was r= 0.708 as indicated in Table 4.2. The coefficient showed that there was a strong direct relationship between relative price and customer loyalty. Batt (2004) indicated that customers may consider changing their banks if customers had a better and reasonable price by a competing bank. This was because from the work of Matzler et al., (2006), it was proved that customers held an internal reference price against which new prices were compared to ascertain if prices charged were relatively high or relatively low. Therefore, relative price has a significant impact on customer loyalty. Therefore, if MCSL increased relative price, it would have a direct correlation with customer loyalty.

b. The Impact of Price Reliability on Customer Loyalty

The correlation between price reliability and customer loyalty was r= 0.453 as indicated in Table 4.2. The coefficient showed that there was a relatively strong direct relationship between price reliability and customer loyalty. Prices were considered reliable if customers

perceived there was no hidden cost. Before a savings and loans company considered price adjustments the element of reliability must be factored. For the price to be considered reliable by customer's, the price must be stable over a period of time. That would enable customers plan their business transactions without any abrupt changes in prices of products and services. That was considered key in attracting and retaining customers (Somogyi and Gyau, 2009).

c. The Impact of Price Transparency on Customer Loyalty

The correlation between price transparency and customer loyalty was r= 0.698 as indicated in Table 4.2**.** The coefficient showed that there was a strong direct relationship between price transparency and customer loyalty. If customer perceived information on pricing of products to be misleading, then it was considered the bank was not price transparent and such customers may switch to competing banks customers assume were price transparent In the formation and perceptions stages, price transparency took on a key role in a customer judgment process. Transparency was based on the amount of accurate available information to the customer to process. When customers had more information about the price, then a better favorable evaluation could be made and that increased the loyalty in the form re-purchase and that could aid customers to make recommendations to others easily (Matzler et al., 2006). Thus price transparency had a significant impact on customer loyalty was validated.

d. The Impact of Price Fairness on Customer Loyalty

The correlation between price Fairness and customer loyalty was r= 0.710 as indicated in Table 4.2**.** The coefficient showed that there was a strong direct relationship between price transparency and customer loyalty. Price fairness is explained as the degree a consumer believed that there was a disparity between a seller's price and a reference point is justifiable,

reasonable and acceptable Matzler et al (2006). Thus price fairness had a significant impact on customer loyalty was validated.

e. The Impact of Relative Price on Customer Service

The correlation between relative price and customer service was r= 0.664 as indicated in Table 4.2. The coefficient showed that there was a strong direct relationship between relative price and customer service. Therefore, if MCSL increased relative price, it would have a direct correlation with customer service. How prepared employees are willing to offer help or assist a customer. Promptly attending to and providing the necessary and relevant information when needed is vital as it ensured that customers did not delay or spend so much time waiting at the banking hall (Kang, 2006). Thus relative price had a significant impact on customer service was validated.

f. The Impact of Price Reliability on Customer Service

The correlation between price reliability and customer service was r= 0.536 as indicated in Table 4.2. The coefficient showed that there was a strong direct relationship between relative price and customer service. Credibility from the view point of customers basically considered issues like accuracy, reliability, security and privacy in connection to services provided to their customers (Ladhai, 2008). It simply dealt with banks providing the right information or service when such services were required. Thus price reliability had a significant impact on customer service was validated.

g. The Impact of Price Transparency on Customer Service

The correlation between price reliability and customer service was r= 0.676 as indicated in Table 4.2. The coefficient showed that there was a strong direct relationship between relative price and customer service. Effectively communicating with customers is to build and

maintain the trust and confidence of customers towards the bank. Banks should be clear and responsible in providing accurate information concerning their operations and activities to their various stakeholders which are not misleading (Gonroos, 2001). Thus price transparency had a significant impact on customer service was validated.

h. The Impact of Price Fairness on Customer Service

The correlation between price fairness and customer service was r= 0.761 as indicated in Table 4.2. The coefficient showed that there was a strong direct relationship between relative price and customer service. In the work of Urbany et al.,(1989) customers perceived an increase in price as unfair if customers think it serves only to increase profits (Urban,2003). Banks should ensure open, honest and complete information about products and their prices. Perceived price fairness directly influenced customers overall satisfaction and therefore post purchase attitudes and behaviors (Voss et al., 1998). Thus price fairness had a significant impact on customer service was validated.

i. The Impact of Customer Service on Customer Loyalty

The correlation between customer service and customer loyalty was r= 0.872. The coefficient depict that there was a strong and positive correlation between customer service and customer loyalty. Therefore, from the Table 4.2, there was significant statistical relationship between customer service and customer loyalty. That meant that an improvement in customer service would lead to customers' being loyalty. Thus customer service had a significant impact on customer loyalty was validated.

HYPOTHESIS HI: *There is a positive significant effect between Price Reliability and Customer Loyalty at Multi Credit Savings and Loans Company.*

Table 4.3: Regression of Price Reliability on Customer Loyalty

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.487	.308		4.823	.000
	Price Reliability	.662	.088	.453	7.545	.000

Source: Field survey (2016),   Dependent Variable: Customer Loyalty
F-stats= 56.927, P-value= 0. 000 R^2=0 .206, R=0.453

The result in Table 4.3 demonstrated that price reliability impacted on customer loyalty but the impact is weak (β=0.453; t=7.545; p<0.000). However, R^2 revealed that a unit change in price reliability explained 20.6% variation in customer loyalty (R^2= 0.206). Therefore, there was a significant positive correlation between price reliability and customer loyalty. The first hypothesis that stated there was a direct relationship between price reliability and customer loyalty at MCSL Sokoban branch was certified. This is consistent Batt (2004) indicated that customers may consider changing their banks if customers had a better and reasonable price by a competing bank. Promptly attending to and providing the necessary and relevant information when needed is vital as it ensured that customers did not delay or spend so much time waiting at the banking hall (Kang, 2006).

HYPOTHESIS H2; There is a positive significant effect between relative price and customer loyalty at Multi Credit Savings and Loans Company.

Table 4.4: Regression of relative price on customer loyalty

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
1 (Constant)	1.357	.167		8.109	.000
Relative price	.643	.043	.708	14.890	.000

Source: Field survey (2016),

Dependent Variable: Customer Loyalty

F-stats= 221.703, P-value= 0. 000 R^2= 0.502, R=0.708

The result in Table 4.4 showed that relative price significantly impacted on customer loyalty (β=0.708; t=14.890; p<0.000) but explained that 50.2% variation in customer loyalty (R^2= 0.502). Therefore, there was a significant direct impact between relative price and customer loyalty. The second hypothesis that there was a positive effect between relative price and customer loyalty at MCSL at Sokoban branch was confirmed. Prices were considered reliable if customers perceived there was no hidden cost. Before a savings and loans company considered price adjustments the element of reliability must be factored. For the price to be considered reliable by customer's, the price must be stable over a period of time. That would enable customers plan their business transactions without any abrupt changes in prices of

products and services. That was considered key in attracting and retaining customers (Somogyi and Gyau, 2009).

HYPOTHESIS H3: There is a positive significant effect between Price Fairness and Customer Loyalty at Multi Credit Savings and Loans Company.

Table 4.5: Regression of price fairness and customer loyalty

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.237	.174		7.094	.000
	Price fairness	.684	.046	.710	14.961	.000

Source: Field survey (2016), Dependent Variable: Customer Loyalty

F-stats= 223.842, P-value= 0. 000 R^2= 0.504, R=0.710

From Table 4.5; it could be seen that price fairness impacted on customer loyalty and for that matter a 50.4% variation in customer loyalty (F-stats= 223.842; P-value= 000; R^2= 0.504). That suggested that there was a significant positive effect between price fairness and customer loyalty. Price fairness is explained as the degree a consumer believed that there was a disparity between a seller's price and a reference point is justifiable, reasonable and

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acceptable Matzler et al (2006)The third hypothesis that there was a positive impact between price fairness and customer loyalty at MCSL at Sokoban branch was validated.

HYPOTHESIS H4: There is a positive significant effect between price transparency and customer loyalty at Multi Credit Savings and Loans Company.

Table 4.6: Regression of price transparency on customer loyalty

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.533	.160		9.564	.000
	Price transparency	.613	.042	.698	14.465	.000

Source: Field survey (2016),

Dependent Variable: Customer Loyalty

F-stats= 209.250, P-value= 0. 000 R^2= 0.487, R=0.698

The result in Table 4.6 showed that price transparency significantly impacted on customer loyalty (β=0.698; t=14.465; p<0.000). However, R^2 revealed that a unit change in price

transparency explained 48.7% variation in customer loyalty (R^2= 0.487). Therefore, there was a significant positive relationship between price transparency and customer loyalty. When customers had more information about the price, then a better favorable evaluation could be made and that increased the loyalty in the form re-purchase and that could aid customers to make recommendations to others easily (Matzler et al., 2006). Thus price transparency had a significant impact on customer loyalty was validated. The fourth hypothesis that stated there was a direct relationship between price transparency and customer loyalty at MCSL Sokoban branch was validated.

HYPOTHESIS H5: There is a positive significant effect between price reliability and customer service at Multi Credit Savings and Loans Company

Table 4.7: Regression of price reliability on customer service

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.997	.292		3.415	.001
	Price reliability	.782	.083	.536	9.418	.000

Source: Field survey (2016),

Dependent Variable: Customer service

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F-stats= 88.701, P-value= 0. 000 R²= 0.287,

R=0.536

The result in Table 4.7 indicated that price reliability significantly impacted on customer service (β=0.536; t=9.418; p<0.000). However, R^2 revealed that a unit change in price reliability explained 28.7% variation in customer service (R^2= 0.287). Therefore, there was a significant positive relationship between price reliability and customer service. Credibility from the view point of customers basically considered issues like accuracy, reliability, security and privacy in connection to services provided to their customers (Ladhai, 2008). The fifth hypothesis that stated there was a direct relationship between price reliability and customer service at MCSL Sokoban branch was validated.

HYPOTHESIS H6: There is positive significant effect between relative price and customer service at Multi Credit Savings and Loans Company

Table 4.8: Regression of relative price on customer service

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
1 (Constant)	1.440	.177		8.116	.000
Relative	.602	.046	.664	13.154	.000

Source: Field survey (2016),

Dependent Variable: Customer service

F-stats= 173.025, P-value= 0. 000 R²=
0.440, R=0.664

Table 4.8 shows regression of relative price on customer service. The results showed that relative price significantly impacted on customer service (β=0.664; t=13.154; p<0.000) but explained that 44% variation in customer service (R^2= 0.440). How prepared employees are willing to offer help or assist a customer. Promptly attending to and providing the necessary and relevant information when needed is vital as it ensured that customers did not delay or spend so much time waiting at the banking hall (Kang, 2006) Therefore, there was a significant direct impact between relative price and customer service which confirmed the hypothesis that there was a positive effect between relative price and customer service at MCSL at Sokoban branch.

HYPOTHESIS H7: There is positive significant effect between Price Fairness and Customer service at Multi Credit Savings and Loans Company.

Table 4.9: Regression of price fairness on customer service

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.983	.161		6.119	.000
	Fairness	.733	.042	.761	17.412	.000

Source: Field survey (2016),

Dependent Variable: Customer service

F-stats= 303.171**, P-value= 0. 000 R^2=**

0.579, R=0.761

The result in Table 4.9 indicated that price fairness significantly impacted on customer service (β=0.761; t=17.412; p<0.000). However, R^2 revealed that a unit change in price fairness predicted 57.9% variation in customer service (R^2= 0.579). Therefore, there was a significant positive relationship between price fairness and customer service. Effectively communicating with customers is to build and maintain the trust and confidence of customers towards the bank. Banks should be clear and responsible in providing accurate information concerning their operations and activities to their various stakeholders which are not misleading (Gonroos, 2001). The seventh hypothesis that indicated there was a direct relationship between price fairness and customer service at MCSL Sokoban branch was certified.

HYPOTHESIS 8: There is positive significant effect between Price Transparency and Customer service at Multi Credit Savings and Loans Company.

The result in Table 4.10 demonstrated that price transparency significantly impacted on customer service (β=0.676; t=13.621; p<0.000). However, R^2 revealed that a unit change in price transparency explained 45.8% variation in customer service (R^2= 0.458). Therefore, there was a significant positive relationship between price transparency and customer service. In the work of Urbany et al., (1989) customers perceived an increase in price as unfair if customers think it serves only to increase profits (Urban, 2003). Banks should ensure open, honest and complete information about products and their prices. Perceived price fairness directly influenced customers overall satisfaction and therefore post purchase attitudes and

behaviors (Voss et al., 1998).The eighth hypothesis that stated there was a direct relationship between price transparency and customer service at MCSL Sokoban branch was validated.

Table 4.10: Regression of price transparency on customer service

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	1.532	.165		9.290	.000
	Transparency				13.621	
		.594	.044	.676		.000

Source: Field survey (2016),

Dependent Variable: Customer service

F-stats= 185.536, P-value= 0. 000 R^2= 0.458, R=0.676

HYPOTHESIS H 9: *there is a positive significant effect between customer service and customer loyalty at MCSL at Sokoban branch*

From Table 4.11; it could be seen that customer service impacted on customer loyalty and for that matter a 76 % variation in customer loyalty (F-stats= 696.071; P-value= 000; R^2=

0.76). That suggested that there was a significant positive effect between customer service and customer loyalty. The ninth hypothesis that there was a positive impact between customer service and customer loyalty at MCSL at Sokoban branch was validated. In a research by Vanpariya and Ganguly (2010), it was established there was strong a direct correlation between affirmative word of mouth and loyalty intention. To ensure a good provision of customer service, customer service officers must be equipped with the right and necessary information. Research has also shown that there is positive significant effect between customer service and customer satisfaction. Satisfied customers resulted in customer loyalty (Vanpariya and Ganguly 2010).

Research has also shown that there is positive effect between customer service and customer satisfaction. Satisfied customers resulted in customer loyalty (Nur Syuhanida, 2011). However, the study had supported the assertion that there was an effect between customer service and loyalty in the financial industry, Ghana. In the opinion of opinion of Vanpariya and Ganguly (2010), good customer service enhanced good corporate image and loyal customers since it was more expensive to win a new customer than to retain an existing customer.

In the light of that, Vessel and Zabtar (2009) concluded that if businesses such as MCSL thought of surviving then loyalty of their customer's should be priority. In a research by Vanpariya and Ganguly (2010), it was established there was strong a positive correlation between affirmative word of mouth and loyalty intention. The study therefore, was supported by the finding of Vanpariya and Ganguly (2010). The implication was that an increase in customer service was likely to improve customer loyalty at MCSL Sokoban branch

Table 4.11: Regression of Customer Service on Customer Loyalty

Model		Unstandardized Coefficients		Standardized Coefficients			Indirect Coefficient
		B	Std. Error	Beta	t	Sig.	
1	(Constant)	1.487	.308		4.823	.000	0.472
	Price Reliability	.662	.088	.453	7.545	.000	
2.	(Constant)	.607	.174		3.486	.001	
	Price Reliability	-.028	.057	-.019	-.496	.620	
	Customer service	.882	.039	.882	22.500	.000	

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.548	0.126		4.362	.000
	Customer Service	0.872	.033	.872	26.383	.000

Source: Field survey (2016), **Dependent Variable: Customer Loyalty**
F-stats= 696.071, P-value= 000, R²= 0.76, R=0.872

HYPOTHESIS H10: Customer service mediates the effect between price reliability

and customer loyalty at Multi Credit Savings and Loans Company

Table 4.12: Regression of customer service on price reliability and customer loyalty

**Source: Field survey (2016). Model 1 and** **Model 2: Customer Loyalty Model 1: F F-stats= 56.927, P-value= 0. 000 R²=**

.206, R=0.453

Model 2: F-stats= 346.966**, P-value= 0.620 , R²=**

0.760, R=0.872

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From Table 4.12, price reliability significantly impacted on customer loyalty (Model 1, = β=0.453, p<0.000). However, with the introduction of customer service in Model 2, the impact of price reliability on customer loyalty had decreased (Model 2, β= -0.019, P-value = 0.620) with an increased in impact indicated by indirect coefficient (0.472). The impact of price reliability on customer loyalty from Model 1, from Table 4.12 showed a β=0.453 and when the mediating effect of customer service in model 2 showed a β= -0.019 which indicated an increased in impact of 0.472 (β=0.453- β=- 0.019) which was greater than zero. If there was a total mediation the β should be zero but once it was more than zero (0.472), it indicates that price reliability still influenced customer loyalty. It was indicated that customer service was not the only variable that could ensure customers were loyal. Therefore, the findings suggested that customer service partially mediated the impact between price reliability and customer loyalty at MCSL Sokoban branch. A dissatisfied customer was likely to tarnish the reputation of the organization, take their businesses elsewhere and may not give the savings and loans company a second chance to redeem its image (Chin and Wu, 2011). Most customers are knowledgeable, demanding and know what pertained in most savings and loans companies. Unexpected changes in market prices and conditions are also reasonably priced appliance is effective in attracting and retaining customers.

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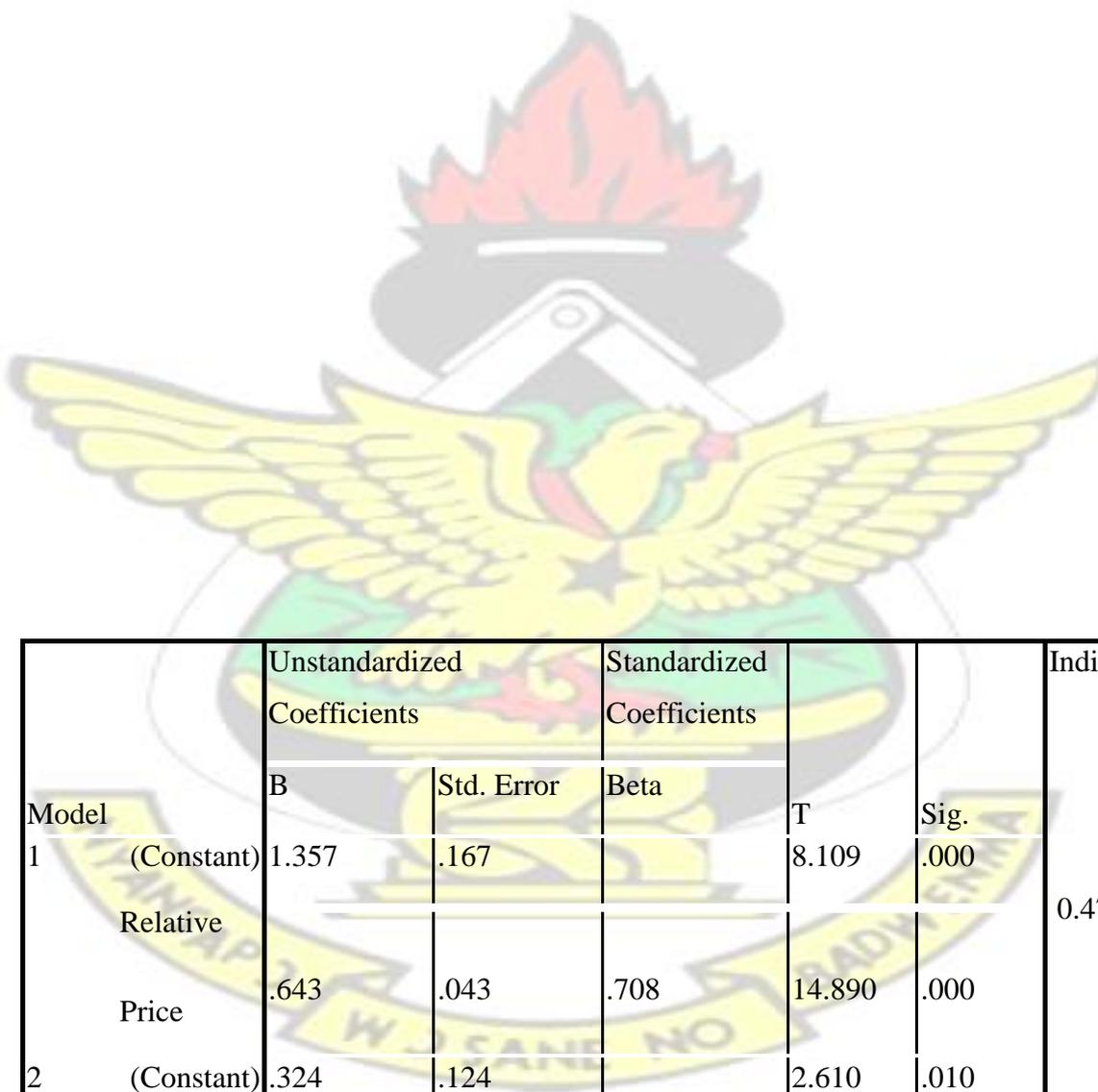
Model		Unstandardized Coefficients		Standardized Coefficients		T	Sig.	Indirect Co-efficient
		B	Std. Error	Beta				
1	(Constant)	1.357	.167			8.109	.000	0.476
	Relative Price	.643	.043	.708		14.890	.000	
2	(Constant)	.324	.124			2.610	.010	
	Relative Price	.211	.038	.232		5.616	.000	

Customer Loyalty	.718	.041	.717	17.338	.000	

HYPOTHESIS HI1: Customer service mediates the effect between relative price and customer loyalty at Multi Credit Savings and Loans Company

Table 4.13: Regression of customer service on relative price and customer   loyalty

Source: Field survey (2016). Model 1 and Model 2: Customer Loyalty
Model 1: F-stats= 221.703, P-value= 0. 000 R^2= .502, R=0.708

Model 2: F-stats= 412.129, P-value= $0.000^,$ R^2= 0.889, R=0.790

From Table 4.13, relative price significantly impacted on customer loyalty (Model 1, = β=0.708, p<0.000). However, with the introduction of customer service in Model 2, the impact of relative price on customer loyalty had reduced (Model 2, β=0.232, P-value < 0.000) with a decrease in impact indicated by indirect coefficient (0.476). The impact of relative price on customer loyalty from Model 1, from Table 4.13 showed a β=0.708 and when the mediating effect of customer service in model 2 showed a β=0.232 which indicated a decrease impact of 0.476 (β=0.708- β=0.232) which was greater than zero. If there was a total mediation the β should be zero but once it was more than zero (0.476), it indicates that relative price still influenced customer loyalty. It was indicated that customer service was not the only variable that could ensure customers loyalty. For that reason, good customer service enhanced corporate image and loyal customers since it was more expensive to win a new customer than to retain an existing customer (Vanpariya and Ganguly 2010). Price setting decisions are only as good as the underlying information. The capacity to identify the relevant information and assesses and take quick decision.

This eventually led to increased business performance. The longer the relationship between a financial service provider and a customer, the more profitable the relationship for the bank.

Therefore satisfied customers were more likely to make recommendations to others. This showed that there was a direct relation on customer service on customer loyalty and pricing (Guo, Xiao and Tang, 2009). The conclusion from the finding is that customer service partially mediated the impact between relative price and customer loyalty at MCSL Sokoban branch.

HYPOTHESIS H12: Customer service mediates the effect between price fairness and customer loyalty at Multi Credit Savings and Loans Company

From Table 4.14, price fairness significantly impacted on customer loyalty (Model 1, = β=0.710, p<0.000). However, with the introduction of customer service in Model 2, the impact of price fairness on customer loyalty had reduced (Model 2, β=0.111, P-value < 0.000) with a decrease in impact indicated by indirect coefficient (0.599). The impact of price fairness on customer loyalty from Model 1, from Table 4.14 showed a β=0.710 and when the mediating effect of customer service in model 2 showed a β=0.111 which indicated a decrease impact of 0.599 (β=0.710- β=0.111) which was more than zero. If there was a total mediation the β should be zero but once it was more than zero (0.599), it means that price fairness still influenced customer loyalty. It was indicated that customer service was not the only variable that could ensure customers loyalty. This means that customer service partially mediated the impact between price fairness and customer loyalty at MCSL Sokoban branch. Price fairness is another vital construct that hinges on customers perception about price (Xia et al, 2004). Price fairness is one of the psychological factors that affect customer's reaction to price satisfaction. Customers are not willing to pay a price that is perceived unfair. Perceived unfairness could result in consumer boycotts or decrease in sales (Campbell, 1999)

Table 4.14: Regression of customer service on price fairness and customer loyalty

Model		Unstandardized Coefficients		Standardized Coefficients			Indirect Co-efficient
		B	Std. Error	Beta	t	Sig.	
1	(Constant)	1.237	.174		7.094	.000	
	Price Fairness	.684	.046	.710	14.961	.000	0.599
2	(Constant)	.463	.130		3.558	.000	
	Price fairness	.107	.049	.111	2.194	.029	
	Customer service	.788	.051	.787	15.586	.000	

Source: Field survey (2016). Model 1 and Model 2: Customer Loyalty Dependent Variable: Customer Loyalty Model 1: F-stats= 223.842, P-value= 0. 000

R^2= .504, R=0.710

Model 2: F-stats= 356.471, P-value= 0.000'

R^2= 0.875, R=0.765

HYPOTHESIS 13: mediating effect of customer service on price transparency and customer loyalty at Multi Credit Savings and Loans Company

From Table 4.15, price transparency significantly impacted on customer loyalty (Model 1, = β=0.698, p<0.000). However, with the introduction of customer service in Model 2, the

impact of price transparency on customer loyalty had reduced (Model 2, β=0.200, P-value < 0.000) with a decrease in impact indicated by indirect coefficient (0.498).

Table 4.15: Regression of customer service on price transparency on customer loyalty

Model		Unstandardized Coefficients		Standardized Coefficients			
		B	Std. Error	Beta	T	Sig.	
1	(Constant)	1.533	.160		9.564	.000	
	Price transparency	.613	.042	.698	14.465	.000	
							0.498
2	(Constant)	.405	.124		3.272	.001	
	Price transparency	.176	.038	.200	4.668	.000	
	Customer service	.736	.043	.736	17.172	.000	

Source: Field survey (2016). Model 1 and Model 2: Customer Loyalty

Model 1: F-stats= 209.250, P-value= 0. 000 R²= 0.487, R=0.698

Model 2: F-stats= 391.830**, P-value= 0. 000 R²=0.782, R=0.884,**

The impact of price transparency on customer loyalty from Model 1, from Table 4.15 showed a $\beta=0.698$ and when the mediating effect of customer service in model 2 showed a $\beta=0.200$ which indicated a decrease impact of 0.498 ($\beta=0.698$- $\beta=0.200$) which was greater than zero. If the was a total mediation the β should be zero but once it was more than zero (0.498), it indicates that price transparency still influenced customer loyalty. (Kim, 2004) conclude that if the switching cost was high, it is more likely for the customer to make repeat purchase.

It was indicated that customer service was not the only variable that could ensure customers loyalty. This means that customer service partially mediated the impact between price transparency and customer loyalty at MCSL Sokoban branch.
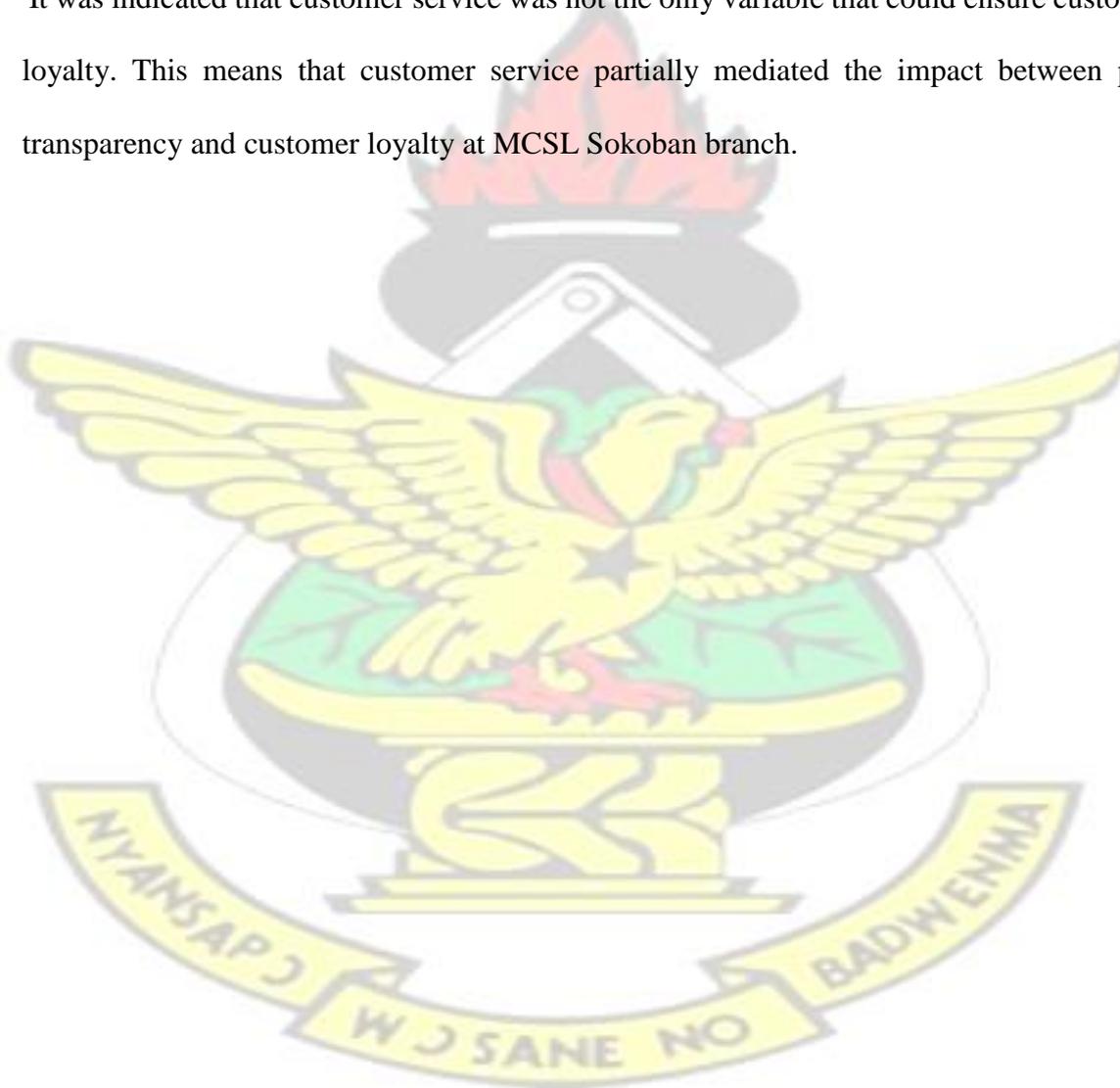
CHAPTER FIVE

SUMMARY, RECOMMENDATION AND CONCLUSION

5.1 Introduction

The chapter summarizes the whole study. It took into consideration the summary of the research findings, conclusion and recommendations. It was divided into three parts. The first part dealt with the summary of the findings. The second part was the conclusion of the study and finally, the third part dealt with the recommendations of the study.

5.2 Summary of the Study

This dealt with the summary of the research findings which was done in line with the research objectives. Therefore, the findings of the study were;

5.2.1 The Impact of Price (Price Reliability, Relative Price, Price Fairness and Price Transparency) on Customer Loyalty in Multi Credit Savings and Loans Company

The study revealed that price reliability significantly impacted on customer loyalty in that a unit change in price reliability explained 20.6% variation in customer loyalty. The study has indicated that relative price significantly impacted on customer loyalty but explained that 50.2% variation in customer loyalty. Therefore, there was a significant direct impact between relative price and customer loyalty. The study has shown that price fairness impacted on

customer loyalty and for that matter a 50.4% variation in customer loyalty. That suggested that there was a significant positive effect between relative fairness and customer loyalty. The study has revealed that price transparency significantly impacted on customer loyalty. Furthermore the study has indicated that a unit change in price transparency explained 48.7% variation in customer loyalty.

5.2.2 The Impact of Price (Price Reliability, Relative Price, Price Fairness and Price Transparency) on Customer Service in Multi Credit Savings and Loans Company

The study revealed that price reliability significantly impacted on customer service in that a unit change in price reliability explained 28.7% variation in customer service. The study has also demonstrated that relative price significantly impacted on customer service but explained that 44% variation in customer service. The study revealed that price fairness significantly impacted on customer service in that a unit change in price fairness predicted 57.9% variation in customer service. The study revealed that price transparency significantly impacted on customer service and a unit change in price transparency explained 45.8% variation in customer service.

5.2.3 The Impact of Customer Service on Customer Loyalty in Multi Credit Savings and Loans Company

The study also found out that customer service had a significant impact on customer loyalty and for that matter 76% variation in customer loyalty was identified. The objective of the study by evaluating the impact of customer service on customer loyalty was achieved. The study further established a significant direct relationship between customer service and customer loyalty which sought to answer the impact of customer service and customer loyalty.

5.2.4 The Mediation effect of Customer Service on Price (Price Reliability, Relative Price, Price Fairness and Price Transparency) and Customer Loyalty in Multi Credit Savings and Loans Company

Mediation analysis was engaged to appreciate a known correlation by exploring the procedure where one variable affect another variable through a mediator variable. Mediation analysis aids an improved perceptive of the correlation between the independent and dependent variables when the variables appeared not have a specific relationship. Partial mediation account for certain but not all of the correlation between the independent variable and dependent variable. The inference was that only a considerable relationship between the mediator and the dependent variable but also some direct relationship between the independent and dependent variable ((Mackinnon 2008).

The study revealed that price reliability significantly impacted on customer loyalty but with the introduction of customer service, the impact of price reliability on customer loyalty had decreased with an increased in impact indicating that customer service partially mediated the impact between price reliability and customer loyalty at MCSL Sokoban branch. Again, the study revealed that relative price significantly impacted on customer loyalty but with the introduction of customer service, the impact of relative price on customer loyalty had reduced which suggests that customer service partially mediated the impact between relative price and customer loyalty at MCSL Sokoban branch. The study also has established that price fairness significantly impacted on customer loyalty with the introduction of customer service, the impact of price fairness on customer loyalty had reduced which means that customer service partially mediated the impact between price fairness and customer loyalty at MCSL Sokoban branch. Finally, the study revealed that price transparency significantly impacted on customer loyalty but with the introduction of customer service, the impact of price transparency on customer loyalty had reduced with a decrease in impact indicated by indirect

coefficient. This means that customer service partially mediated the impact between price transparency and customer loyalty at MCSL Sokoban branch.

5.3 Recommendation

The study had filled gaps in literature as regards to the impacts of pricing on customer loyalty in the financial industry focusing on the mediating role of customer service. Out of the thirteen hypotheses set for the study, were validated. These findings were important to various savings and loans companies in the financial industry in Ghana. For instance, the positive relationship between pricing and customer loyalty, therefore, suggested that management of savings and loans companies in the financial industry in Ghana particularly at MCSL at Sokoban, had to continue to improve on their pricing parameters policies such as fairness, reliability and transparency.

Research have indicated that unfair pricing resulted in negative reactions to MCSL including reducing purchase intentions, complaints and negative word of mouth (Matzler et al., 2006). From the study, it has been observed that MCSL should opt to focus more on the price satisfaction measuring variables such as Price Reliability, Relative Price, Price Fairness and Price Transparency policies. Products could be customized to meet specific needs of customers and these customized products could be priced relatively higher to minimize the impact of the reduction of the interest rates charged on credit facilities.

On improving customer service, management must focus on training employees to improve on the service delivery by equipping the employees with the right information to serve customers better. Good customer service enhanced corporate image and loyal customers since it was more expensive to win a new customer than to retain an existing customer

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(Vanpariya and Ganguly 2010). In addition, more innovative products must be introduced to enable customers transact easily and conveniently with MCSL.

5.4 CONCLUSION

The current study examined the impact of pricing on customer loyalty in the savings and loans sector in the financial industry focusing on the mediating role of customer service at MSCL. The study was quite different in that a lot of researches had been focused on the relationship between customer loyalty and satisfaction (Bidayatul Akmal, 2006), and the relationship between customer service and customer satisfaction (Varki and Colgate, 2001).

Customer service, pricing and customer loyalty were important concepts in the financial services due to the basic fact that without the customers there would be no business and as a result of competition, customers had a choice. For that reason, good customer service enhanced corporate image and loyal customers since it was more expensive to win a new customer than to retain an existing customer (Vanpariya and Ganguly 2010).

Study had indicated that unfair pricing resulted in negative reactions to MCSL including reducing purchase intentions, complaints and negative word of mouth (Matzler et al., 2006). The study, therefore, indicated a positive relationship between pricing and customer loyalty at the MCSL. It was assumed that customer value and perceived price fairness were central determinants of consumer reactions to prices (Varki and Colgate, 2001). Besides, there was the need to stress on the fact that other internal and external variables could impact positively on customer loyalty in that, customer service was reported to partially mediate the relationship between pricing and customer loyalty.

5.5 Recommendation for Further Studies

The study looked at the impact of pricing on customer loyalty in the savings and loans companies: the mediating effect of customer service. The study was also conducted with customers from one financial institution that is, Multi Credit Savings and Loans, Sokoban, Kumasi, Ghana but the inclusion of customers from other savings and loans companies may have resulted in different findings. Therefore further studies must be conducted on a larger scale to make available more generalize findings which will be useful and representative to the sector.

Again, there is the need to stress on the fact that other internal such as corporate image and external variables such government policies could impact positively on customer loyalty in that, customer service was reported to partially mediate the relationship between pricing and customer loyalty. Thus, further studies can be conducted to evaluate the impact of those internal and external variables on customer loyalty.
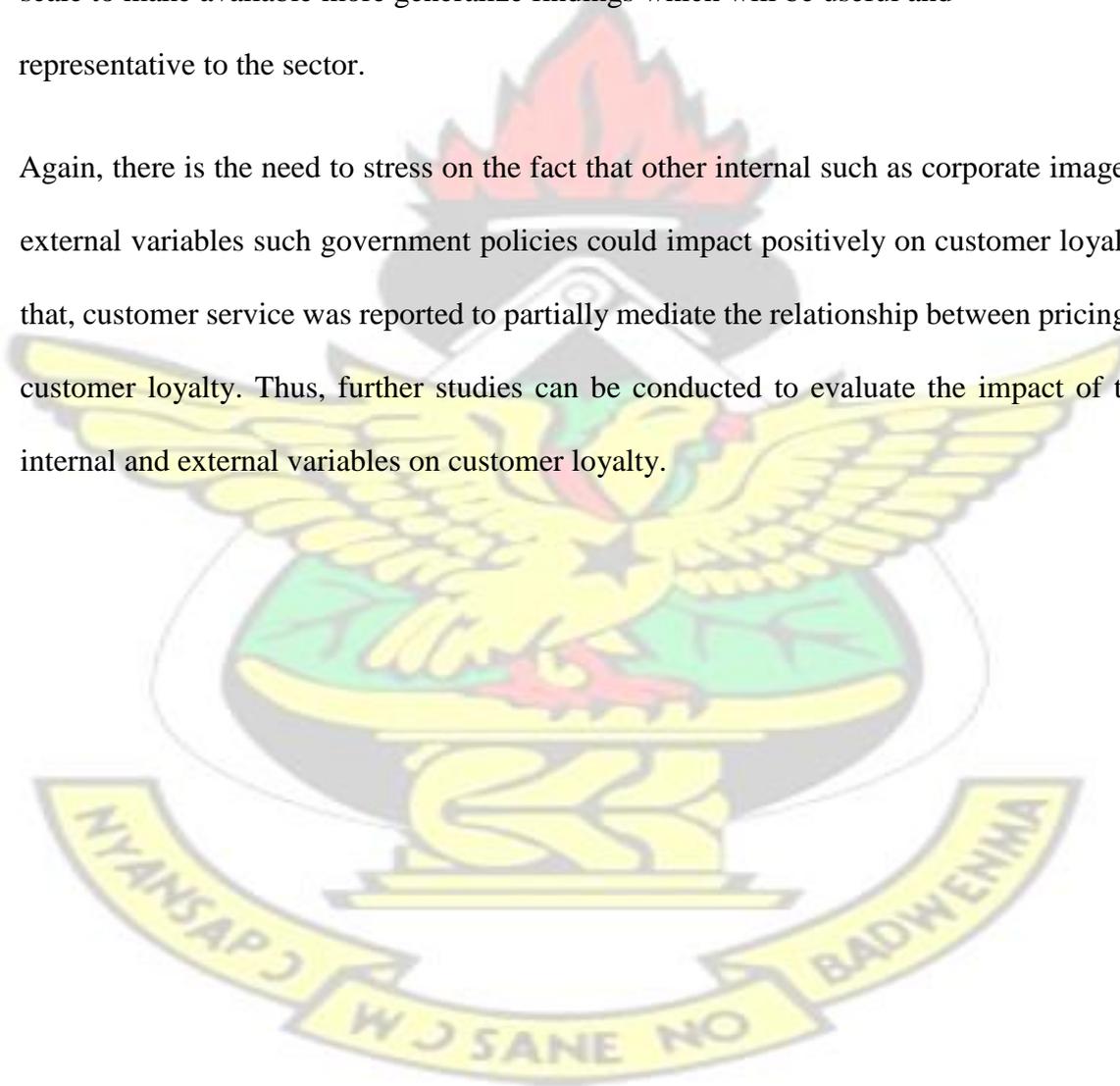
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APPENDIX 1

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF BUSINESS – DEPARTMENT OF MARKETING AND CORPORATE STRATEGY

QUESTIONNAIRE FOR CUSTOMERS OF SOKOBAN MULTICREDIT SAVINGS AND LOANS, KUMASI

The reason for the study is to appreciate the impact of Pricing on Customer Loyalty with Customer Service as a mediating role. The data gathered will be treated confidentially, please carefully read and respond to the questions appropriately. Thank you.

Kindly check (√) or give your own appropriate respond where relevant.

SECTION A: General Information

1. Type of gender: Male [ ] Female [ ] please if different specify…………………… 2.

Age Range: Under 20 years [ ] 21- 30 years [ ] 31- 50 years [ ]51 years and over[ ]

3. Which type of account do you operate?

a. Personal Account [ ] b. Business Account [ ]

4. I have banked with MCSL for? 0 – 2 years [ ] 2 – 4years [ ] 4 – 6years [ ] 6 - 8 years [ ] 8 –10 years [ ]   10 years and above [ ]

Please Access the Degree of Satisfaction of Service offered by the MCSL

1 **Strongly Disagree**	2 **Disagree**	3 **Neutral**	4 **Agree**	5 **Strongly Agree**				
Section B. Pricing				1	2	3	4	5

A. Price transparency					
i. Information on price quote is clear.					
ii. Information on price is complete					
iii. Information provided on prices true					
B. Price fairness					
i. The price charge reflects quality of service provided.					
ii. The prices charge meet my expectations					
iii. The price charged corresponds to the quality of services provided.					
C. Price reliability.					
i. Price quoted by MCSL is reliable.					
ii. Prices quoted by MCSL do not change abruptly					
D. Relative Price.					
i. I am satisfied with the pricing of products and services at MCSL					
ii. Products and services offered at MCSL suit my need					

Please Access the Degree of Satisfaction of Service offered by the MCSL

Section C. customer loyalty	1	2	3	4	5
A. customer commitment					
i. I would like to keep close relationship with my bank					
ii. I would like to recommend my bank to others.					
iii. My loyalty to MCSL has improved over the years					
B. Re-purchase					
i. I would re-purchase products and services of MCSL.					

	1	2	3	4	5
ii. I am willing to pay a higher price for better services.					
C. customer Retention. i. I will not switch to another bank					
ii. I am committed to MCSL.					

Please Access the Degree of Satisfaction of Service offered by the MCSL

Section D. Customer service	1	2	3	4	5
A. Staff conduct i. Staff of my bank are always willing to assist customers					
ii. Staff of MCSL gives me individual attention.					
iii. Staff of MCSL makes time to provide service					
B. Communication i. Staff of MCSL gives timely information and feedback on their services.					
ii. Staff of MCSL keeps records of my transactions accurately.					
iii. When MCSL promise to do something by a time frame, it does it					
C. Credibility i. MCSL takes my privacy seriously					
ii. MCSL takes confidentiality of my data seriously					
D. Access to tellers i. There are sufficient tellers to attend to customers					
ii. Staff of MCSL treats me as a valued customer					
iii. The tellers at MCSL are polite and neatly dressed					