CUSTOMER RELATIONSHIP MARKETING AND CUSTOMER RETENTION IN THE NON-BANK FINANCIAL SECTOR: A CASE OF SAVINGS AND LOANS COMPANIES

By

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DECLARATION

I hereby declare that, except for specific references which are duly acknowledged, this work is the result of my own field research towards the award of Commonwealth Executive Masters in Business Administration (CEMBA) degree and it has not been submitted either in part or whole for any other degree elsewhere.

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ABSTRACT

The study sought to examine the relationship between customer relationship marketing and customer retention. The fierce competition in today's business has forced companies to build long-term profitable relationship with customers and to retain them. Customers of Savings and Loans Companies often complain of high charges (monthly interest charge between 5% to 10%) resulting in frequent customer complaint and loss. The question therefore is, does customer relationship marketing influence customer retention? In order to answer this question, 300 questionnaires were administered to customers of Savings and Loans Companies randomly from six selected Savings and Loans Companies. Responses were analyzed using the SPSS and results indicate that customer relationship marketing has a strong correlation with customer retention in Savings and Loans Companies. Even though sample considered for the study are doing well by maintaining relationship with their clients, customers still complain of low time spent with them and erosion of their profit due to high bank charges. Relationship marketing tactics including bonding, empathy, reciprocity and responsiveness confirm that customers trust and are satisfied with their Savings and Loans Companies and will recommend them to other customers. In summary, customers are happy with their bankers except high charges. Following from the study, it is recommended that Savings and Loans Companies should deepen their relationship with their customers as well as facilitate measures to minimize cost of doing business with these Savings and Loans Companies.

DEDICATION

This work is dedicated to the Almighty God for the strength and guidance that I continue to receive from Him. It is also dedicated to my mother and all my siblings.

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INTRODUCTION

1.1 Background to the study

There is no doubt that Non-Bank Financial Institutions play a very strategic role in the development of our national economy. The core activities of Non-Bank Financial Institutions have changed radically in recent years from being standardized where all services such as providing credit, providing both deposit and credit facilities are the same (Basu et al,2004), to financial markets where business relationships are the main focus.

Customer complaints were minimal but with the competition and technological improvements, customers have become fully aware of their rights and now demand nothing short of excellent and prompt services. Umpteen alternatives are available to enlightened customers and they choose only those banks that they consider best suites them (Viswanathan 2008).

Mckenna (1991), asserted that Relationship Marketing starts with the customer. Mckenna further emphasized that positioning begins with the customer since it is the customers who think about products and companies. As such, having the customer in mind as the central focus and developing services to satisfy them in order to ensure repeated patronage is very critical for any company to be in business.

Financial institutions around the globe formally offered product and services that are increasingly similar regardless of customers and focus mainly on their core business of providing financial services, paying little attention to customer satisfaction, a situation which poses a threat to customer retention and loyalty.

Gummerson (2008) confirmed that Northern Europe started to take interest in services in the late 1970s. They focus on service management and marketing where relationships and interaction formed the core. They have gradually founded that quality, value; relationship marketing, customer, networks and service represent a new foundation for marketing. In response to the growing demand for integrated information, organizations have expanded great effort to utilize the latest information technology to build and maintain information system.

African Financial Institutions in recent years are recognizing that the marketing process needs to encompass not only those activities necessary to capture business in the first place but also to develop processes that will enhance long- term customer loyalty.

In the past financial institutions in Ghana enjoyed seemingly monopolistic power primarily because they were fewer in number and provided similar services most of which were poor. Some financial institutions still apply the traditional approach of banking where role of customers is largely passive. It appears more attention is placed on getting the customers than keeping them Christopher and McDonald (1985). A few of the financial services are now improving upon their services and trying to keep ahead in today's competitive climate by acknowledging that winning and retaining customers is not enough.

The characteristics of services as put by Cowdell Donald (1985) as intangibility; inseparability; heterogeneity; and perishability places a responsibility on the person delivering the service to create a lasting impression on the customer. Expectations of customers on quality service are now very high since customers have become more powerful and tend to switch cost easily. Thus the four dimensions of relationship marketing which are bonding, empathy, reciprocity, and trust are very crucial in retaining customers (Boone, and Kurtz 1999). With bonding two or more parties must be bonded to each other to develop a long-term relationship; mutual interests or dependencies between the parties must be strong enough to tie them together. A successful bonding leads to empathy which implies the ability to see situations from the point of view of the other party – another key emotional link in the development of relationships. Reciprocity from the financial institution and that from customers will lead to mutual trust which is ultimately the glue that holds a relationship together over the long haul. Trust reflects the extent of one party's confidence that it can rely on the other's integrity. Trust is built as a result of responsiveness of employees respect to give detailed information about their services to customers. The above dimensions of relationship marketing are critical since these results in satisfaction and Ashish Bhave (2008) emphasized that there is a link between customer satisfaction and customer retention. It is thus, the purpose of this study to evaluate the level of customer relationship marketing been practiced by the Savings and loans companies in Ghana and its impact on customer satisfaction and retention.

1.2 Problem statement

It is interesting how many companies are spending enormous amount of money, time and energy to attract new customers as well as retaining the old ones through promotional activities. Financial institutions are employing researchers to study and discover what customers' needs and wants are and are recognizing customer satisfaction as a critical success factor now.

Research shows that customer loyalty has definite benefit as it costs a lot more to attract new customer than it cost to retain existing ones (Fornel and Wemerfert 1987). There is also some evidence of growth in the financial awareness of customers in the financial service market place, which has led to increasing sophisticated customers (Lewis 1984).

The number of Savings and Loan Companies operating in the country has increased considerably thus, facilitating intense competition. The market place is changing radically due to the struggle for market share, which has created new behaviours and challenges. To stay in business and be profitable therefore companies must ensure that customers continuously use their services.

In the global literature sense, a number of studies have been done in the more developed economies on the various facets of Customer Relationship Marketing (CRM). However, in the developing countries like Ghana, a very little attention had been paid to the concept of Customer Relationship Marketing until recent times. This study is therefore intended to contribute to literature on the relationship between customer relationship marketing and customer retention and help non-bank financial institutions and particularly savings and loan companies to improve on their service delivery.

1.3 Objectives of the study

The general objective of the study is to investigate the effect of Customer Relationship Marketing on customer retention among Savings and Loan Companies in Ghana. The research seeks to understand the Customer Relationship Marketing strategies in the light of the following objectives;

- To explore the relationship between Customer Relationship Marketing and customer retention.
- To examine the link between customer relationship marketing and trust.

- To investigate the effect of Customer Relationship Marketing on customer satisfaction.

1.4 Research Questions

The study intends to answer the following research questions;

- What is the relationship between customer relationship marketing and customer retention in Savings and Loans Companies?
- Is there any relationship between customer relationship marketing and trust in Saving and Loans Companies?
- Is there any causal link between customer relationship marketing and customer satisfaction in Savings and Loans Companies?

1.5 Rational of the study

In the global literature sense, a number of studies have been done in the more developed economies on the various facets of Customer Relationship Marketing. However, in the developing context like Ghana, the literature in this area is almost non-existent. This therefore gives the justification for this research to be conducted to help bridge the literature gap existing. A multiplicity of studies have been done globally especially in developed areas such as Europe and the Western world on the role Customer Relationship Marketing implementation plays in several business forms (e.g. Swift, 2001; Kincaid, 2003; Rajola, 2003). Very little attention had been paid to the concept of Customer Relationship Marketing in developing countries like Ghana and other parts of Africa, but research attention on the issue has been rising in recent times. This may be due to the fact that there is growing interest in the role of the services industry to economic growth. The relevant information obtained will then augment result of proceeding researches conducted on the same field as a base for further researches. The outcome of the research could assist in the recommendation of appropriate methods to ensure effective relationship marketing among Savings and Loan Companies in particular and the Non-bank Financial Sector as a whole.

1.6 Scope of the study

The researcher would have wished to extend this study to cover the whole Non-bank Financial Sector in Ghana; however, due to time constraints, materials and financial resources, the study was limited to Savings and Loans Companies. Also, because of the distinctive nature of relationship marketing, the researcher concentrated on how relationship marketing is being practiced in Savings and Loans Companies to ensure retention of customers.

1.7 Methodology and data

Due to exploratory nature of the research a sample size of 300 customers was selected from some selected Non-Bank Financial Institutions for the study. The study made use interviews and questionnaires guides as instruments to collect data. The random sampling procedure was used to select for the study and administered over a period of three weeks.

The questionnaires comprised closed-ended questions. Data gathered was edited for consistency of response after which the data was analyzed.

The secondary data was obtained for the theoretical part of the essay by reviewing relevant library holdings on the subject as well as current articles on the internet.

The analysis will be quantitative in nature making use of statistical package for social science students (SPSS) to determine responses of customers on relationship marketing.

1.8 Organization of the study

The study covered five chapters. Chapter one consists of the background to the study, statement of problem, aims/objectives of the study, research questions, significance of the study, scope of the study and finally the organization of the study. Chapter two dealt with the review of related literature on the topic. It presents a survey of studies done by other writers on customer relationship marketing. The research design as the method sample of the respondents, sampling procedures, instruments to be used in the study and the limitation of the study was presented in chapter three. Chapter four was devoted to the analysis of the data which was fathered from respondents' questionnaires. The researcher presented the summary of the study, findings and recommendations in chapter five.

CHAPTER TWO:

LITERATURE REVIEW

2.0 Introduction

As competition gets keener for Non-Bank Financial Institutions, customer relationship marketing has become crucial in today's businesses environment aimed at retaining loyal customers(Kotler 2000). A comprehensive and critical analysis of the subject matter is necessary to highlight divergent views by various authors on the topic. A detailed comprehension of customer relationship marketing principles, practices and limitations will be beneficial to business practitioners and students. Several professionals and authors have expressed their view on customer relationship marketing. This chapter therefore seeks to critically review important literature expositions by different authors and theories in the areas of customer relationship marketing.

2.1 Theoretical Literature

2.1.1 Definition of Relationship Marketing

It is quite difficult to come by one definition for relationship marketing. Harker (1999) identify twenty- six definitions in his attempt to define the term. With these twenty – six definitions none of them thought to be general enough to include all the seven conceptual categories of relationship marketing: creation, developing, maintenance, interactive, long-term emotional content and output. The focus relationship marketing is "to establish, maintain, enhance and commercialized customer relationship so that the object of the parties involved are met. This is done by a mutual exchange and fulfillment of promises."

According to Berry and Parasuraman (1991) "Relationship Marketing involves attracting, developing and retaining customer relationship." This means that customers prefer an ongoing relationship with one organization than to switch continually among providers in the search for value. Building a stronger relationship with existing customers is cheaper than to attract new ones.

Advocates of relationship marketing maintain that firms frequently focus on attracting customers but then pay little attention to what they should do to keep them. Berry and Parasuraman (1991) argue that the business brought into an organization by sales, advertising and promotion programmes are not capable of keeping an organization running at full capacity, since when operation is weak and customers are not satisfied with what they get, business start falling out of the organization faster than they can be brought in.

Another definition of relationship marketing was proposed by Gronroos (1990), who postulated that: "The role of relationship marketing is to identify, establish, maintain and enhance relationships with customers and other stakeholders, at a profit, so that the objectives of all other parties involved are met; and that this is done by a mutual exchange and fulfillment of promises".

Robert Morgan and Shelby D. Hunt(1994) proposed that relationship marketing refers to all marketing activities directed towards establishing, developing and maintaining successful relational exchanges. This means that relationship marketing is a continuous process, requiring a firm to:

- Have a constant communication with customers in order to ensure that goals of the organization are met and
- Integrate the relationship marketing process into its strategic planning, enabling the firm to better manage its resources and meet future client needs.

For the process to be continuous there is the need to solicit for customer's feedback on continuous bases. Through the feedback system a firm can get a 'big picture' view of customer attitude as well as review its ability to 'micro-manage' individual accounts. The feedback system should:

- Gather, analyze and distribute information about customer needs, perception and expectation.
- Enable a firm to communicate regularly with its customers.

Thus relationship marketing places emphasis on building longer-term relationships with customers rather than an individual transaction. Relationship marketing involves an understanding of customers' needs and wants through their lifecycle and providing a range of products or services accordingly.

From the above definitions all the different authors attest to the fact that relationship marketing is a continuous process to enhance a cordial relationship with customers.

2.1.2 Roots of Relationship Marketing

The origin of relationship marketing as a theory can be traced back to the late 1970s. During this period, the traditional marketing approach was questioned as it did not provide any base when looking at the two sided relationship between the company and the customer (Möller and Halinen, 2000). In the marketing mix, the seller is the active party, and the buyer and the consumer are the passive party, meaning that the personal relationship between the two is not examined (Grönroos, 1994). This lack of focus on the dual relationship between the buyer and seller presented an opening for relationship marketing (Möller and Halinen, 2000).

In contrast to the traditional marketing mix, relationship marketing focuses on the two-sided relationship between the buyer and seller, which can be looked upon as a mutually beneficial relationship, leading to numerous competitive advantages (Claycomb and Martin, 2002). In this context, both the buyer and the seller are active parties, putting focus on interaction and relationships (O'Malley and Tynan, 2000).

Relationship marketing has received a lot of interest since the 1980's and continues to demand attention today (Claycomb and Martin, 2002). The term relationship marketing was popularize in the 1980's when the focus of marketers started to switch from customer acquisition to customer retention.

Traditional marketing is said to use the functional department approach, which is now deemed too limited to provide a usable framework for assessing and developing customer relationship. In today's sophistication customer environment an alternative model where the focus is on customer relations rather than market and products is now required. Major differences however exist between the relationship focus and the traditional transaction focus marketing. These are mainly concerned commitment to neatly concern the needs, wants and expectations of the individual customer with particular emphasis on quality, customer service and customer care.

The differences between relationship focus and traditional focus marketing are summarized below inn table 2.1.

Table 2.1difference between relationship focus and traditional focus marketing

Transaction focus	Relationship focus
• Orientation of single sales	Orientation to customer relation
• Discontinuous customer contact	Continuous customer contact
• Focus on product features	Focus on customer value
• Short line scale	long time scale
• Little emphasis on customer service	High customer service emphasis customer care.
• Limited commitment to neatly customer expectations.	High commitment by neatly customer expectations.
• Quality is the concern of production staff only	Total quantity market concern to all staff

Christopher and Donald, (1985)

2.1.3 Characteristics of Relationship Marketing

Based on Robert Morgan and Shelby D. Hunt(1994) definition for relationship marketing as stated earlier, for the purpose of this study, the various characteristics of relationship marketing are briefly discussed under the following sub-headings below. However, it must be noted that the categorization is made this way to suit the context of this thesis.

- **Long-term and continuous relationship**

Long-term relationship is a key feature of relationship marketing. It assesses success in terms of how long a customer is kept in the relationship and the share of the customer in the relationship. Relationship marketing involves estimating customer lifetime value and engaging in relationships based on the value of those relationships over a number of years. Robert and Hunt(1994) emphasized a constant communication with customers in order to ensure that goals of the organization are met and also, to integrate the relationship marketing process into its strategic planning, enabling the firm to better manage its resources and meet future client needs. For the process to be continuous there is the need to solicit for customer's feedback on continuous bases.

- **Commitment and fulfillment of promises(trust)**

Several studies on services marketing have suggested that in order to acquire and maintain a competitive edge, service organizations should develop long-term relationships with their customers (Gronroos, 1994; Berry, 1995). A mutual exchange of information leads to trust between the parties; that each party believes in the integrity of the other to keep their promise and to deliver on promises; and also that each party believes the relationship to be valuable enough to invest in and to commit to. Generally it appears that the higher the level of trust between customer and supplier, the greater the probability of continuance or long-term existence of the relationship (Morgan and Hunt, 1994; Martin and Sohi, 1993).

Nurturing of trust and commitment is particularly important as it is clear now that satisfaction alone does not necessarily lead to customer loyalty. Satisfied customers may still wish to look elsewhere for bargains, change/novelty, and etcetera but trust lays the foundation for a solid relationship which can finally lead bonding.

- **Customer share, not market share**

In comparing traditional marketing with Relationship marketing, the latter, shifts the emphasis from concentrating on gaining share of the market and rewarding its employees for the new business which they bring in. This is a very important shift because traditional marketing puts the emphasis on market share and success is usually measured in a short timescale, i.e. growth in market share per annum (Gummerson, 1999).Concentrating on customer share implies a long-term orientation and requires that success is measured and rewarded differently. According to Peppers and Rogers (1995), this approach implies that a customer with high potential is treated as an individual whose needs are addressed and an attempt is made to persuade such a customer to ensure repeat purchases or continuous usage of a service.

- **Concept of customer lifetime value**

The customer lifetime value concept looks at customers from the point of view of their lifetime revenue and profitability contributions to a company.

A profitable customer is a person, household, or company that overtime yields a revenue stream that exceeds by an acceptable amount the company's cost stream of attracting, selling and serving that customer (Phillip Kotler, 2000).

Undoubtedly, every company loses money on some customers. The well-known 20-80 rule says that the top 20 percent of the customers may generate as much as 80% percent of the company's profits. Furthermore it isn't necessarily the company's largest customers which yield the most profit. The largest customers demand considerable service and receive the deepest discounts. The smallest customers pay full price and receive minimal service, but the costs of transacting with small customers reduce their profitability. The midway size customers receive good service and pay nearly full price and are often the most profitable. The implication is that a company could improve its profits by "firing" its worst customers (unprofitable, difficult customers or simply wrong segment customers).

It is very important for corporate bodies that want to go into building long-term relationship with their customers to start looking at profitability status of customers by working at their lifetime value which involves a certain kind of calculation over a period of time by customer activities and revenue streams.

The lifetime value of a customer is influenced by the length of an average "lifetime" the average revenues generated per relevant time period over the lifetime, sales of additional products and services overtime, and referrals generated by the customer overtime (Zeithaml and Bitner, 2000). "If companies knew how much it really costs to lose a customer, they would be able to make accurate evaluation of investment designed to retain customers. Unfortunately, today's accounting systems do not capture the value of a loyal customer" (Reichheld and Sasser, Jr. 1990)

2.2 Dimensions of Customer Relationship Marketing

To keep a stronger relationship with customers, the following dimensions of relationship marketing should be considered. A long term relationship is based on these tactics:

- **Bonding**: Bonding is defined as dimension of a business relationship that results in two parties (customer and supplier) acting in a unified manner toward a desired goal (Callaghan, et. al, 1995). Various bonding exist between parties and indicate different levels of relationships. The dimension of bonding as it applies to relationship marketing consists of the development and enhancement of consumer and brand loyalty and, as Levitt (1984) described, a long-term relationship (a bonded relationship) with the seller. Thus, a long-term relationship requires bonding in order to exist. At an advanced stage in the relationship, the bonds are so solidified that they are almost impossible to break (Heide and Weiss, 1995).

- **Empathy**: Empathy is the component of a business relationship that enables the two parties to see the situation from the other's perspective. Empathy is defined as seeking to understand the desires and goals of somebody else. It involves the ability of individual parties to view the situation from the other party's perspective in a truly cognitive sense. In the service marketing literature, the component of empathy is used by Berry (1990) in developing the SERVQUAL test instrument for service quality. The empathy dimension plays a major role in Chinese business relationships (Hwang, 1987) and is also apparent in western business relationships (Houston, et. al, 1992). Most non-bank financial institutions try to constantly get in touch with their customers and ensuring a close co-operation in order to establish a long-term relationship. Some activities depict empathy is when services are provided in the agreed time and adjusting working hours to be flexible and adapted to the different types of customers.

- **Reciprocity**: Reciprocity is the dimension of a business relationship that causes either party to provide favours or make allowances for the other in return for similar favours or allowances to be received at a later date (Callaghan, et. al, 1959). It covers the bilateral contingency, interdependence for mutual benefit and equality of exchanged values aspects of social action between two individuals and can be regarded as "sociological dualism" and "mutual legal obligations of repaying" (Malinowski, 1995). The links of reciprocity to relationship marketing have been indicated by Houston, et. al (1992) and Ellis, et. al (1993) as a basis for the interface between exchange transactions and marketing activities. Reciprocity and bonding are linked in such a way that a reciprocal arrangement is indicative of cooperation. Reciprocity comes about if a financial difficulty is solved by a financial institution that results in the customer's ability to repay such kindness. Reciprocity is thus an appropriate dimension of relationship marketing.

- **Responsiveness**: refers to the degree that what one says, responds clearly and directly, to what the other person just said. If you are being responsive, the other person knows you are paying attention, and care enough about what he or she is talking about to "stay on that topic". Responsiveness is an approach you can intentionally cultivate, by paying attention to what the other person says, and responding directly to it before shifting the focus of the conversation to yourself.

Responsiveness is about how quickly you respond to a complaint and a complainant. It is about receiving and recording a complaint, considering the issues it raises and how best to handle it, making decisions, and informing the complainant of progress and your ultimate decision, all within reasonable timeframes. It is essential to have documented procedures if your system is to be truly responsive to your customers. This means setting specific levels of performance, not just general targets and meaningless promises. This will help staff and customers understand the importance of customer feedback within your agency. Long delays can be a major cause of user frustration; responsiveness is therefore considered an essential. Non-bank financial institutions are being responsive to their customers by providing detailed information about conditions of service and their willingness to give fast and efficient service as well as responding to questions asked by customers.

2.2.1 Relationship between Customer Relationship Marketing tactics and Trust

Bonds have served effectively to control social and business behavior in society (Chiao, 1982), and contribute to removing doubt, creating trust and forming close relationships (Hinde, 1997).

Bonding with an institution not only provides insight into the thoughts and feelings people have towards that institution, but can also serve as a starting point for reaching a common ground that fosters social trust customers and a financial institution. In turn, this trust can facilitate the collaborative management process. Being bonded with a place implies a strong emotional tie between the person and place that can vary from temporary sensory delight to long-lasting rooted attachment. Many writers view trust as a behavioral intention or behavior that reflects a reliance on a partner and that involves vulnerability and uncertainty (Moorman et. al 1993) Thus, before trust develops, some guarantees should exist. Efficient customer bonding techniques may serve in this direction by reducing the uncertainties of the outcome of the relationship because it is a process through which the buyer and the provider build a relationship to the benefit of both parties (Cross and Smith 1996)

Murnighan (1994) discriminated between structural and psychological determinants of cooperation. Structural determinants of cooperation are called “task bonding” and psychological determinants refer as “personal bonding.” Task bonding entails the economic and functional content of the exchange and personal bonding encompasses resources of emotional or affective nature (Emerson 1972; Turner 1970). The content of these bonds is of two types: structural and social. Structural bonds are the multiplicity of economic, strategic, and technical factors that develop during a relationship involving explicit business benefits through technology and markets. These bonds are irretrievable investment, social pressures to maintain the relationship, contractual barriers, and ease of dissolving the relationship. It is linked fundamentally to economic exchange and defined by negotiated transactions. Social bonding as familiarity, friendship, and personal confidence built through interpersonal exchange measure the strength of a personal relationship and may range from a business to a close personal tie. The maintenance of the relationship implies a great degree of self-disclosure, concern for the partner, and presence of liking for the other person (Wilson and Moller 1989). Williams et al. (1993) pointed that when partners do not trust each other, there will be no resources put into the relationship. In building trust, bonds supported by cognitive and emotional ties must be developed (Lewis and Wiegert 1985). Interorganizational and interpersonal ties are a form of social capital present in the individual and relationship (Coleman, 1988). Social bonds lubricate the working of the relationship. Dependent transactions over time, negotiated and reciprocal, may develop trust, commitment, and norms to manage the relationship (Blau 1964). Trust has been suggested as relationship mechanism that facilitates cooperation, coordination, and generates relationship commitment (Morgan and Hunt 1994). McAllister (1995) proposed that two forms of trust characterize interpersonal trust among managers in relationships: cognition-based trust and affect-based trust. In relationships characterized by reciprocal interdependence, affect-based trust may build citizenship and need based monitoring mechanisms to predict organizational outcomes. In a similar vein, Driscoll (1978) and Scott (1980) suggested a specific (situational/cognitive) component and a global (attitudinal/affective) component as conditions to predict organizational outcomes. These conditions are reciprocal between parties and triggered by the economic and social ties suggested by Hakansson and Johanson (1988). Trust has been identified as condition for cooperation and prerequisite for successful strategic alliances (Inkpen and Birkenshaw 1994; Wharton et al. 1991). Factors as trust and cooperation are determinants of a successful working JV relationship and affect the bargaining power of the partners (Inkpen and Birkenshaw 1994). Trust is part of the "chemistry" which may allow alliances to be fruitful (Harrigan 1988a) and infuse the relationship with value (Madhok 1995).

Trust as an informal mode of control, includes a set of mutual anticipations and obligations which provides an effective, flexible, and informal mode of coordination not available in formal transactions (Koening and Wijk 1992). Trust requires reciprocal conditions such as availability, competence, consistency, discreteness, fairness, integrity, loyalty, openness, promise fulfillment, and receptivity that should characterized the relationship (Butler 1991). A trust relationship is established when expectations are made of for one party and fulfilled by the other. Thus, social interactions proceed in a simple, confident, and smooth way by reducing complexity and uncertainty. However, trust involves an element of risk and doubt (Currall and Judge 1995; Lewis and Weigert 1985).

Initial levels of trust are triggered by structural benefits derived by the institutional nature of the

relationship. This is referred to as institutional based trust (Zucker 1986). Partners in an alliance are bounded by the tangible, economic and strategic benefits embedded in the contractual agreement. These benefits will constitute the essence of the structural bonds developed in the initial stages of the relationship (Tsai and Ghoshal 1998), created through negotiated transactions to reduce the risk of no reciprocity of exchange (Molm1994).

Empathy and trust are a platform for effective understanding, communication and relationships. Empathy and trust are essential to develop solutions, win and retain business, and avoiding or diffusing conflict. Empathy and trust are essential for handling complaints and retaining customers. These days we need to be more effective communicators to be successful in business - and in life. The 'steps of the sale', persuasion, closing techniques, features and benefits do not build rapport or relationships - empathy, trust, understanding and sympathetic communications do. One-sided persuasion is not sustainable and is often insulting, especially when handling complaints. Trust and empathy are far more important in achieving and sustaining successful personal and business relationships.

A certain legacy of the days of the hard-sell is that many consumers and business people are more reluctant to expose themselves to situations where they may be asked to make a decision. This places extra pressure on the process of arriving at a deal, and very special skills are now needed to manage the situations in which business is done.

Most modern gurus in the areas of communications, management and self-development refer in one way or another to the importance of empathy - really understanding the other person's position and feelings. Being able to 'step back', and achieve a detachment from our own emotions, is essential for effective, constructive relationships. Whether for selling, customer retention, handling complaints, diffusing conflict, empathy helps.

Supportive response means responding compassionately to another person's distress. In market conditions of increasing levels of product variety and customization, the ability to respond to customer orders in a timely fashion can provide a critical competitive advantage. Companies are contemplating strategies to increase their responsiveness to customer needs by offering a high product variety with short lead-times. Time has become a factor in competitiveness as customers are increasingly reluctant to accept long lead-times for products and services (Bower& Hout, 1988). People often expect their complaint to be resolved immediately and usually by the first person they speak to. The longer it takes for them to receive a response, the more likely it is they will be dissatisfied with the outcome.

When financial institutions respond adequately to customers need it can lead to a mutual trust between them. Responsiveness is absolutely critical for creating better relationships, trust, and rapport with people at work.

From the above it could be noticed that bonding, empathy, reciprocity and responsiveness when properly managed can lead to trust which is the glue for a solid relationship.

2.2.2 Relationship between Customer Relationship Marketing tactics and customer satisfaction

Customer satisfaction is actually a term most widely used in the business and commerce industry. It is a business term explaining about a measurement of the kind of products and services provided by a company to meet its customer's expectation.

To create a rigorously customer-focused strategy, organisations really need to re-think the term customer satisfaction. Even when customer satisfaction is high, there is no direct link with customer loyalty, retention and repurchasing. The trend in too many businesses is to make every attempt to develop positive CSI (Customer Services Index) where they can track customer satisfaction rather than creating strong emotional bonding with the customer. What we should be measuring is how we can increase the intensity of the positive emotion experienced by the customer in order to generate loyalty and life time value. People purchase from service providers for a host of reasons – the real problem is for the service provider to identify the critical events, incidents and opportunities for bonding the customer closer to the organization (Atkinson 2010).

Empathy is caring, individualized attention the employees provide their customers. By human nature, people tend to expect empathy and respect from someone who they wish to deal with. Maintaining and improve the empathy skill in direct marketing very important since personal contact can help employees to put themselves in the customer's situation. When employees offer personalized attention in customers, worries of customers is attended to, this could make the customer satisfied.

Responsiveness is the timely reaction towards the customers' needs Munusamy et al (2010). This includes clarifying issues for customers and given all the necessary details about a service being offered to them. When employees are responsive to customers there is a possibility of reciprocate attitude from customers and reciprocity comes about as a result of satisfaction.

2.2.3 Relationship between Customer satisfaction and customer retention

Customer satisfaction is defined as a customer's overall evaluation of the performance of an offering to date (Johnson and Fornell 1991). As an overall evaluation that is built up over time, satisfaction typically mediates the effects of product quality, service quality, and price or payment equity on loyalty (Fornell et al. 1996). It also contains a significant affective component, which is created through repeated product or service usage (Oliver 1999). In a service context, overall satisfaction is similar to overall evaluations of service quality. Bolton (1998) finds that unreported service failures have a significant, negative effect on retention. The discussion suggests that either a situational or a reactional trigger affects the relevance of prior performance information when predicting retention. When faced with a situational trigger, customer satisfaction as an overall evaluation of prior performance may become less relevant to the prediction of retention. Similarly, because customers in a reactional trigger condition are actively problem solving, they may focus on present or future performance. Waiting to observe how the company addresses the product or service problem, these customers may put less rather than more stock in prior performance, as measured by overall customer satisfaction. On the basis of these arguments, it is predicted that the satisfaction–retention link is weaker for customers in either a situational or a reactional trigger condition.

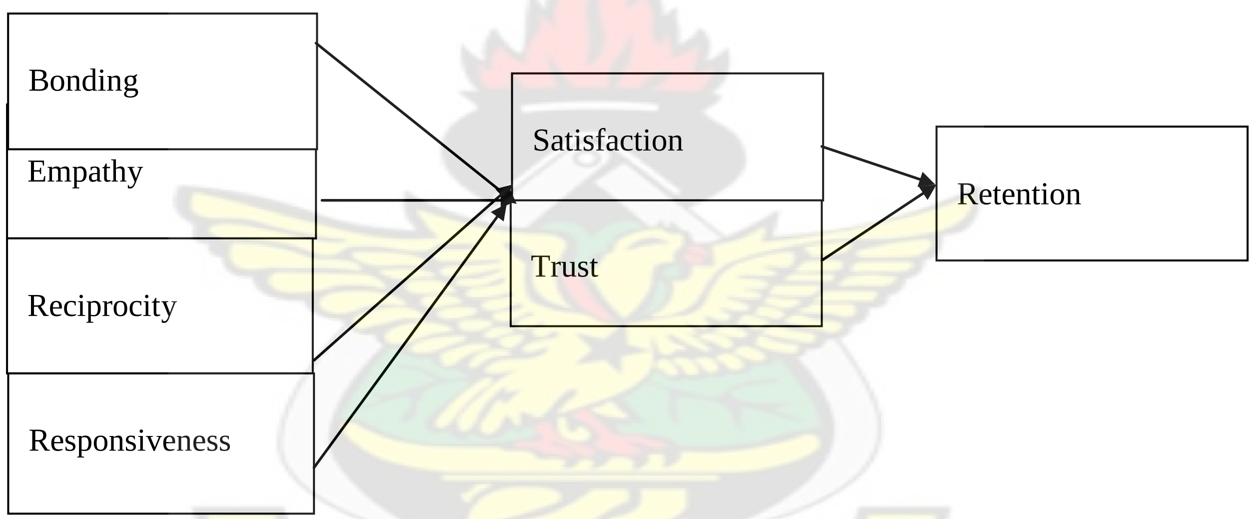
Customer satisfaction with a company's products or services is often seen as the key to a company's success and long-term competitiveness. In the context of relationship marketing, customer satisfaction is often viewed as a central determinant of customer retention, Hennig-Thurau and Klee(1997) .

In recent times, customer satisfaction has gained new attention within the context of the paradigm shift from transactional marketing to relationship marketing (Grönroos, 1994; Sheth & Parvatiyar, 1994), which refers "to all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges" (Morgan & Hunt, 1994). In numerous publications, satisfaction has been treated as the necessary premise for the retention of customers, and therefore has moved to the forefront of relational marketing approaches (Rust & Zahorik, 1993). Kotler sums this up when he states:

"The key to customer retention is *customer satisfaction*" (Kotler, 1994). Consequently, customer satisfaction has developed extensively as a basic construct for monitoring and controlling activities in the relationship marketing concept. It should be emphasized that bonding, empathy, responsiveness and reciprocity when properly managed leads to satisfaction which can trigger retention. These practices will affect retention through trust and satisfaction which are the intermediate variables and measuring relationship quality.

Figure 2.1below shows the relationship of the relationship marketing tactics and retention.

Figure 2.1: The relationship between marketing tactics, satisfaction and trust and retention.



Source: Author's own

2.3 Customer Satisfaction

It is a well known fact that no business can exist without customers. It is therefore critical that organizations form a close working relationship with their clients to ensure that they are satisfied with the services being provided for them.

Customer satisfaction is a business term explaining about a measurement of the kind of products and services provided by a company to meet its customer's expectation. To some, this may be seen as the company's key performance indicator (KPI). In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy(Munusamy et,al 2010) It is well established that satisfied customers are key to long-term business success (Zeithaml et al., 1996). It is essential for businesses to effectively manage customer satisfaction. Customer satisfaction refers to the extent to which customers are happy with the products and services provided by a business. Gaining high levels of customer satisfaction is very important to a business because satisfied customers are most likely to be loyal and to make repeat orders and to use a wide range of services offered by a business.

A similar definition is provided by Gerpott et al. (2001) who propose that on a customer's estimated experience of the extent to which a provider's services fulfill his or her expectations.

Customer satisfaction brings many benefits. Satisfied customers are less price sensitive, buy additional products, are less influenced by competitors and stay loyal longer (Zineldin, 2000). Although customer satisfaction is important, it is not equally important to the company. There are many customers whose satisfaction is less important, such as those a company cannot serve or who are unprofitable; on the other hand, there are customers whose satisfaction is crucial to a company's survival, and the goal should always be to satisfy those customers (Bhote, 1996).

Ovenden (1995) argues that organisations must be aware of how well or badly its customers are treated. Customers rarely complain, and when someone does, it might be too late to retain that customer. One important component in the concept of satisfaction is complaint management. Nyer (2000) has investigated the relation between consumer complaints and consumer satisfaction. The author found that encouraging consumers to complain increased their satisfaction, and this was especially the case for the most dissatisfied customers. Research has also found that the more intensely a customer complains the greater the increases in satisfaction. Johnston (2001) claimed that complaint management not only results in customer satisfaction, but also leads to operational improvement and improved financial performance.

2.3.1 Retention Strategies

Maintaining of the patronage of people who have purchased a company's goods or services once and ensuring of repeat purchases. Customer retention occurs when a customer is loyal to a company, brand, or to a specific product or service, expressing long-term commitment and refusing to purchase from competitors. A company can adopt a number of strategies to retain its customers. Of critical importance to such strategies are the wider concepts of customer service, customer relations, and relationship marketing. Companies can build loyalty and retention through the use of a number of techniques, including database marketing, the issue of loyalty cards, redeemable against a variety of goods or services, preferential discounts, free gifts, special promotions, newsletters or magazines, members' clubs, or customized products in limited editions. It has been argued that customer retention is linked to employee loyalty, since loyal employees build up long-term relationships with customers.

Looking at the definition of relationship marketing by Grönroos (1990) as mentioned in the beginning of the thesis, he emphasizes the importance of establishing and maintaining relationships with the customers. He states that a relationship often is long term oriented. By using customer retention theory, it helps to understand the importance for a company to create long term customer relationships in order to conduct a more profitable and sustainable business.

Previous studies have shown the importance for service companies of retaining customers. The longer the customers stay in a relationship with the firm, the more value they bring (Claycomb & Martin, 2002). A satisfied customer is invaluable; they are not as price sensitive as a new customer (Lopez, Redondo & Olivan 2006), have a higher volume of purchases (Zeithaml, 2000), and can be used as a free marketing tool as they spread their positive impressions about the company (Lopez et al., 2006).

Studies show that retaining customers is five times cheaper than acquiring new ones (Lopez et al., 2006), and they point out that increased customer retention is more profitable for a firm than increased market share or cost reductions (Zeithaml, 2000).

In spite of the researched positive effects of customer retention, on average only twenty percent of the marketing budget is spent on it, while the remaining eighty percent is focused on attracting new customers (Javalgi, Martin & Young, 2006). Customer retention may be difficult to measure, but if companies increase their analysis and planning on building stronger relationship with their customers, they can create a competitive advantage. However, in order to be effective, they must be aware of how much effort they are willing put out, and their desired result.

By retention we are referring to those specific strategies that firms uses and in effect result in ties that bind the customer a little closer to the firm (Berry and Parasuraman 1991)have developed a frame work for understanding the three key types of retention strategies – financial, social and structural bonds. It should be noted the most successful strategies will be built on foundations of quality service, market segmentation and monitoring of changing relationship needs over time.

Here are some retention strategies and their limitations.

2.3.2 Financial Bond

At this level /stage, the customer is tied to the firm primarily through financial incentives i.e. lower prices for greater volume purchase or lower prices for customers who have been with the firm for long. For example, the frequent flyer programme, in the airline industry, provides financial incentives and rewards for travelers who bring more of their business to a particular airline. Hostels and car rentals to the same (Zeithaml and Bitner,2000).In other cases, firms aim to retain their customers by simply offering their most loyal customers the assurance of stable prices, or at least lower price increases than those paid by new customers. In this way, they reward their loyal customers/clients by sharing with them some of the cost saving and increased revenue the firm receives through serving them over a given time period. Though this strategy is widely used as a retention tactic, caution is warranted when implementing a financial rewards loyalty programme (O'Brien and Jones, 1995). These programme are easily to imitate by competitors and they are not likely to be successful unless they structured so that they truly lead to repeat or increased usage rather than serving as means to attract new customers and potentially causing endless switching among competitors.

2.3.3 Social Bonds

While price is assumed to be important in level 1, in social bonds stage, retention marketers build long - term relationships through social and interpersonal as well as financial bonds. Customers become individuals with names / identity whose needs and wants the firm seeks to understand. Customers receive customized services and marketers find ways of staying in touch with their customers, thereby, developing social bonds with them. In essence, thoughtful companies turn their customers into clients. Donnelly, Berry, and Thompson (1985) draw this distinction between customers and clients: "customers may be nameless to the institution: clients cannot be nameless. Customers are served as part of the mass or as part of larger segments; clients are served on an individual basis… customers are served by anyone who happens to be available; clients are served by the professional assigned to them". While social bonds alone may not tie the customers permanently to the firm, they are much more difficult for competitors to imitate the price incentives. Interpersonal bonds can encourage customers to stay in a relationship are unusually more effective when combined with financial bonds.

2.3.4 Customization Bonds

Zeithaml and Bitner (2000) admit that although there are common elements of level 1 and level 2 strategies encompassed within a customization strategy approach is the use of two common terms i.e. mass customization and customer intimacy. These concepts suggest that customer loyalty can be encouraged through intimate knowledge of individual customers and through the development of "one-to-one" solutions that fit the individual customers' needs. To do this effectively requires sophisticated customer information systems.

2.3.5 Structural Bonds

This is the most advanced of all the retention strategies and is the most difficult to imitate and involve structural as well as financial, social and customization bonds between the customer and the firm. Structural bonds are created by providing services to the client that are frequently designed right into the service delivery system for the client. These are often technology based and served to make the customer more productive. The structural bond has one unique disadvantage from the customers' perspective: customers may fear that tiring themselves too closely to one provider may not allow them to take advantage of potential price saving from other providers in the future.

2.3.6 Conceptual Framework

From the literature review above, there seems to be a convergence on the two themes under studies i.e. customer relationship marketing and customer retention. What seems to be a key factor between the linkages of the two constructs is customer satisfaction and trust. The part of the Customer Relationship Marketing, this study adopts the ingredients of Callaghan et al (1995) which sought of touches on all that have been used in the past as a measure of Customer Relationship Marketing. The Customer Retention however tries to bring together a number of measures as discussed in the literature.

2.4 Empirical Literature

Numerous studies conducted around the globe have found a positive relationship between the various CRM tactics and customer satisfaction, trust and retention.

Zhang and Feng (2009) investigated the impact of relationship marketing tactics on customer satisfaction and trust and ultimately customer loyalty in the Swedish telecommunication industry. Using statistical techniques such as correlations and multiple linear regressions they found that Service Quality, Price Perception, and Value Offers have impact on customer loyalty indirectly via the customer satisfaction and trust. Brand image is positively and directly related to customer loyalty. However, switching costs is found to be less correlation with customer loyalty, as well as satisfaction and trust in Sweden telecommunication industry.

Kuranchie (2010) examined the customer relationship marketing strategies of banks in a developing country like Ghana using Intercontinental bank. The study employed quantitative research techniques. Semi-structured questionnaire was designed for the study. The findings showed that the bank was doing well by maintaining the relationship it initiates with its clients but must work on improving the number of contact time with them as e-CRM provides them with the opportunity to do so. However, significant findings from the study showed that majority of respondents were willing to recommend the bank to others an indication that they were happy with the level of service at the bank. Although significant portion of those who considered the possibility of leaving indicated that they will do so because of delayed transactions. It is in the light of this that the research is said to play a significant role in the banking sector and for the nation as a whole.

Kupka and Jamark (2009) conducted a similar study on how low cost airlines use relationship marketing in order to enhance, maintain and attract new customers. The purpose of the study is to find out how low cost airlines in Europe deal with tools of relationship marketing and what are the effects those tools have on generic strategies. The results of their work showed that relationship marketing tools are used in a different extent by the airlines. The authors could not find evidence using relationship marketing tools is the single solution to compete more successfully than without. It was further argued by the authors that Relationship Marketing is just one aspect strengthening the generic strategy in order to gain sustainable competitive advantage.

Wangpaichitr(2010) employed an inductive research approach to explore Relationship Marketing in securities brokerage firms in Thailand's financial services sector. The study found that securities brokerage firms in Thailand implemented RM practice but with differences in relationship marketing strategies, depending on the types of customers being targeted. The study identified the main factors impacting on customer loyalty to both local and international securities brokerage firms. The research confirmed that RM had a demonstrable impact in gaining customer loyalty to securities brokerage firms in The Stock Exchange of Thailand (SET), but with intriguing characteristics, for example, Relationship Marketing's positive impact on individual short-term investors' loyalty, not to brokerages, but to particular staff.

Odeyemi (2010) conducted to identify critical factors necessary for customer retention in relationship marketing in the hotel businesses in Ghana and to develop effective relationship marketing strategies to manage customer retention for sustainability. Questionnaire and oral interview were the methods adopted for the investigation of the study. We understand from the study that most hotels in Kumasi, Ghana do not practice customer retention in relationship marketing with their customers. This lack of awareness of customer retention in relationship building, enhancement and maintenance has affected relationship marketing strategies of hotels. Critical factors necessary for customer retention such as service quality, customer satisfaction measurement and analysis, customer complaints handling and loyalty programme initiative were identified.

Sobotie and Oduro Senyah (2009) in their research on customer relationship management in financial institutions in Ghana, the findings from their thesis have revealed that financial institutions adopt both hard and soft customer relationship management skills as a means of ensuring the success of their customer relationship management project. Contraries to other theories that customer relationship management requires heavy initial capital investment, findings have indicated that customer relationship management depends very much on the commitments from top managements, employees as well as customers.

2.5 Development of Non-Bank Financial Institutions in Ghana

According to Bank of Ghana Annual Report and Accounts 2007 there are forty-one (41) Non-bank Financial Institutions in operation, comprising twenty-one (21) Finance companies, fourteen (14) Savings and Loans companies, four (4) Leasing companies, one (1) Mortgage Finance company, and one (1)Discount House which was granted provisional approval to change its status to a Finance House.

The nonbank financial sector was relatively undeveloped. The State Insurance Corporation (SIC) was set up in 1962 and given a monopoly over the government sector. The National Trust Holding Company (NTHC) was established by legislative instrument in 1976 to operate as a national mutual fund,. The objective was to use NTHC to support the government's indigenization programme. NTHC acquired the shares of foreign companies and sold them to Ghanaians in what was essentially an over the-counter market, the first and only one of its kind in Ghana at the time. A significant area of change has been the rapid growth of nonbank financial institutions with the structural adjustment and liberalization of the economy.

In 1993, the Financial Institutions (Non-Banking) Law was passed to provide a legal framework for a whole new set of financial institutions which were being established. These institutions included discount houses, finance houses, acceptance houses, building societies, leasing and venture capital companies. The growth of the nonbank financial sector was given a significant boost in 1995, when the Government of Ghana, with the support of a 2 million IDA credit developed a program to enhance the capacity of the nonbank financial sector (Mensah 1997).

Banks and Non-Bank Financial Institutions (NBFIs) recorded significant growth during the year 2007, and responded to growing competition by investing in IT and human capital while introducing new products, services and strategies in the market.

According to the Bank of Ghana regulation, no person other than a body corporate incorporated in Ghana shall be eligible to apply for a license to carry on the business of a non-bank financial institution. No person shall carry on the business of a non-bank financial institution unless the Bank of Ghana licenses it.

All institutions which operate under the Financial Institutions [Non-Banking] Law, 1993 [PNDCL. 328] require not less than GH¢1,000,000.00 [one million Ghana cedis only] as minimum capital for non-deposit-taking business and GH¢1,500,000.00 [one million five hundred thousand Ghana Cedis only] for deposit-taking business. In the case of foreign ownership not less than 60% of the required capitalization shall be brought into Ghana in convertible currency. However in view of the on-going reforms in the industry, new entrants /applicants will be required to raise an initial paid-up capital of GH¢7,000,000 (seven million Ghana cedis) for the establishment of a Non-Bank financial Institution.

2.5.1 Savings and Loans Companies

Savings and Loans Companies are contributing immensely to the development of the financial landscape of the country. Their numbers have grown from 9 in 2003 to 14 in2007. Women's

World Banking (WWB) was established in 1983, followed eleven years later by Opportunity International Savings and Loans (OIS) (Formerly Sinapi Aba Trust) in 1994. It operated as a Non Governmental Organization (NGO) until 2004 when it converted its operations into a Savings and Loan company on receipt of its license to that effect. Unicredit Ghana Limited (UGL) (formerly Katamanto Savings and Loans) entered the market in 1995. Ezi Savings and Loans (EzSL) (formerly Johnson Savings and Loans), Garden City Savings and Loans (GCSL), Midland Savings and Loans (MSL), Adehyeman Savings and Loans (ASL) and Express Savings

and Loans (ESL) also appeared on the scene in 1996, 1999, 2002, 2005 and 2007respectively.

Savings Institutions are NBFIs the core business of which includes mobilizing retail savings from the public or members (in case of co-operative/mutual organisations) by offering savings accounts and time deposit products as well as for providing credit to small business segments and target groups/members, linked to their savings or otherwise.

[Savings and loans companies, building societies and credit unions belong to this group of NBFIs] Micro and small business loans [which are generally unsecured and short term (loan cycle)]

The advent of Savings and Loans Companies and their rapid growth followed the passage in 1993 of the Financial Institutions (Non Banking) law. The Savings and Loans companies are restricted to a range of services and are most active in microfinance and small-scale intermediation using various microfinance methodologies. Savings and Loans Companies are most effective is reaching large numbers of savers due in part to their location in urban and peri-urban areas (Mensah 2009).

The Non-Bank Financial Institutions were required to be licensed by the Bank of Ghana to operate as such. A license so issued could be revoked or suspended if the non-bank financial institution:

• Obtained it by fraud or mistake

• Contravenes any provision of the law or any terms or conditions upon which the license is granted

• Engages in undesirable methods of conducting the business in respect of which the license is issued; or

• Fails to maintain the minimum paid-up capital (PNDCL 328)

Savings and Loans associations, building societies and mutual savings banks are also classified as thrift institutions. Johnson, (1993) defines a thrift institution as a financial institution that encourages moderate-income workers to save money on a regular basis. Likewise, the institution invests in loans to these savers, especially mortgage loans. He further states that at the time building societies were necessary because commercial banks did not actively seek small savings deposits or solicit mortgage loan business. Early savings and loan associations were largely funded by savings deposits. However, unlike savings and loans associations, savings banks

invested in consumer loans as well as mortgage loans. In addition, savings banks gave depositors more flexibility in terms of denomination, maturity and withdrawal. It is clear that savings and loans companies evolved because of unmet financial needs. Wage earners required an outlet for small savings and a source of mortgage and consumer finance. At the time, commercial banks did not satisfy these needs (Johnson, 1993).

CHAPTER THREE

METHODOLOGY OF DATA COLLECTION AND ANALYSIS

3.1 Introduction

Chapter three dealt with the research method used, data collection methods, sampling method and technique, the data collection process and how data was analyzed. It also provided the analytical framework of the study by which the purposes of this study the research questions were answered. For this work to be authentic and reproducible this research work explained all the laid down procedures on how the data was collected and managed. Variables used and reasons for the choice as well as limitation in the methodology were examined.

3.2 Research Method

Malhotra and Birks, (2007), describe a research methodology as the procedural framework within which a research is conducted. The researcher adopted the survey approach in collecting the data; specifically, through the use of a questionnaire. With this questions are directed at relatively large groups of people in order to explore issues. The choice for this research design became necessary not only due to the exploratory nature of the study but because it has been found to be suitable for analyzing a phenomenon, situation, problem, attitude or issues by considering a cross-section of the population at one point in time (Robson, 1993). The suitability of using the survey strategy in this study is to help the researcher identify and explain statistically, the factors that explain customer expectations, experiences and perceptions of relationship marketing in the non- banking financial institutions in Ghana. Quantitative research has been used to measure how people feel, think or act in a particular way and it is a research technique that seeks to quantify data and apply some statistical analysis. It is often formalized and well structured and data is usually obtained from large samples – anything from 50 upwards (Tull & Hawkings, 1990). It also involves the use of structured questionnaires usually incorporating mainly closed ended questions with set response (Miles and Huberman, 1994). The choice of quantitative methodology can also be justified based on the fact that it is concise and sample is usually representative of a large population (Yin, 1994).

3.3 Population and Sampling

Cooper and Schindler(2001) defined population as the total collection of elements about which we wish to make some inferences. Customers of non-bank financial institutions with reference to savings and loans are the population of this study. This research adopted sampling, which according to Neuman (2003) is a set of cases a researcher selects from a larger pool and generalizes to the population. Using sampling in this way reduces cost and makes it possible to gather useful information quickly and where the samples are properly selected accurate result are guaranteed.

In order to get a sizeable number to represent to entire population, 300 respondents made up of customers from Savings and Loans Companies (Ezi, EB Accion, Procredit, Opportunity, 1st National and First Ghana Building Company) were selected.

3.4 Sampling Technique

The respondents were selected using the random sampling technique to derive a representative cross-section view of the population. This is a probability sampling which according to (Jankowicz, 2000) involves identifying and questioning people because they are members of some population to ensure that your assertions are valid for your respondents and generalised without further inference, to that population.

3.5 Research Technique

Research techniques as defined by Jankowicz (2000) are particular step-by-step procedures which you can follow in order to gather data, and analyze them for the information they contain. To get the appropriate information needed to meet the objectives of this study, the structured technique was used. This made use of structured questionnaire and personal interview. The questionnaire was the main research instrument used in collecting the data for the study in order to achieve the specific objectives, and taking into consideration the sample size. For an easy understanding and reading, the questionnaire was designed into two parts. The first part of the questionnaire took consideration in the demographic factor of the respondents. The second part of the questionnaire required the respondent to rate the relationship marketing level of the non- bank financial institution. The items on the questionnaire were closed ended-questions making it easier for respondents to understand and answer. Besides, it facilitated interpretation of data by standardizing alternative responses. A Likert scale-typed questionnaire was used with responses ranging from 1 to 5. A lower score on the scale indicates a high level agreement with an opinion while a higher score indicates disagreement.

3.6 Test of Internal Consistency and Reliability

Reliability refers to the extent, to which the scale/survey provides consistent results when surveying similar populations (Germuth, 2007). Three main types of reliability are often the concern of researchers in the literature. These include internal consistency, split half reliability and test-retest reliability. This study however focuses its attention on verifying the internal consistency of the constructs using Cronbach's Alpha. A total sample of 300 was used for the reliability test. It is argued that if a study measures more than one construct, then we can also speak about the reliability of each construct but not the reliability of the survey as a whole. In accordance with this argument, the internal consistency test of each construct.

"Given the scales of items for a construct, the Cronbach's alpha's are calculated to assess the reliability of those items. For construct with alpha under certain threshold (0.7 in this report), items within each construct are to be checked in order to ensure that the items have high correlations. After reliability confirmed, the summated averages of the items in each construct was studied further. Correlation matrix was calculated to show the pair-wise correlations between constructs.

3.7 Data Source

The American Heritage dictionary defined data as a factual information, especially information organized for analysis or used to reason or make decisions.

Data collection and management form a key part of any credible research work. This research used both primary and secondary sources of data. The reason was to combine the merits of both and more importantly reduce the demerit of relying on any one of them.

3.7.1 Primary Data

Primary data refers to data that are specifically collected for a particular research project and are more often tailored to meet the exact needs of the researcher.

Primary data was used because when used properly, primary data is likely to result in obtaining information that is more accurate, current, sufficient, reliable and relevant to the current situation than secondary data.

The primary data for this research was gathered through personal interview questionnaires for customers of Savings and Loans Companies. The questionnaire was structured in a simple straight forward and consistent with the objectives of the research.

The rationale for using the personal interview questionnaire was that the target groups were customers who due to their busy schedule could not make time to send the questionnaires home and return them on time. Besides, some of these customers were semi- literate and as such could not read and comprehend the research work clearly.

The reasons for using this method was that it was flexible and faster way of obtain information. Non response is also low and supervision and control of responses is higher.

The personal interview questionnaire was conducted by the researcher herself to explain issues further for respondents and also clarify confusing issues.

3.8 Ethical Consideration

In both the administration of the questionnaires, the researcher ensured as much as possible that the privacy of each respondent was not disturbed. The researcher went further to assure respondents of the confidentiality of the responses as the information was for strictly an academic purpose.

3.9 Limitation of the methodology

The study was restricted to sample of customers of six selected Savings and Loans Companies.

A challenge encountered was that some respondents refused to present the truth in order to conceal vital information or to avoid embarrassment despite the assurance of confidentiality.

CHAPTER FOUR

PRESENTATION AND DISCUSSION OF RESULTS

4.1 Introduction

This chapter presents the findings from the study based on the methodology enunciated in the previous chapter. The first section deals with the descriptive analysis of the data and the second section entails main results of the study using statistical techniques such as correlations and multiple linear regressions. The findings of the study are also discussed in relation to the literature and in comparison to other related works. However, in order to ensure that the results were reliable, there was the need to check for internal consistency of each construct, the chapter thus began with the test of internal consistency using Cronbach's Alpha.

4.2 Reliability Test

Reliability refers to the extent, to which the scale/survey provides consistent results when surveying similar populations (Germuth, 2007). Three main types of reliability are often the concern of researchers in the literature. These include internal consistency, split half reliability and test-retest reliability. This study however focuses its attention on verifying the internal consistency of the constructs using Cronbach's alpha. A total sample of 300 was used for the reliability test. It is argued that if a study measures more than one construct, then we can also speak about the reliability of each construct but not the reliability of the survey as a whole.

In accordance with this argument, the internal consistency test of each construct is presented in Table 4.1 below.

Table 4.1: Cronbach's Alpha for Constructs

Constructs	Cronbach's Alpha	Number of Items
Bonding	0.822	4
Empathy	0.803	7
Reciprocity	0.787	3
Trust	0.789	4
Responsiveness	0.741	4
Customer satisfaction	0.839	5
Customer retention	0.866	7

Source: Computed from SPSS 16.0

The results from the internal consistency test indicated that all the constructs have Cronbach's alpha of more than 0.70 with four of them having an alpha value greater than 0.80. The findings imply that there is high level of internal consistency among the items in each construct and as such each construct is reliable. A high level of alpha is also an indication of high level of correlation of items in each construct, an essential requirement for constructing a summated scale. The next step was thus to construct a summated scale for each construct using the individual items.

4.3 Descriptive Statistics of the Constructs

Table 4.2 Summary of Descriptive Statistics of the Variables

Constructs	Mean	Standard Deviation	Skewness
BONDING	3.5442	0.67962	-0.141
EMPATHY	3.7014	0.50325	-0.246
RECIPROCITY	3.6422	0.57522	-0.700
TRUST	3.7833	0.50802	-0.156
RESPONSIVENESS	4.2283	0.48896	-0.207
SATISFACTION	4.0060	0.56364	-0.481
CUSTOMER RETENTION	3.5920	0.58447	-0.315

Standard errors of skewness = 0.141

Having verified the reliability of each construct, the study proceeds to reporting the averaged item scores for each construct. The means, standard deviations as well as the skewness of each construct are presented in Table 4.2.

Source: Estimated from SPSS 16.0

The summated mean values reported in the Table 4.2 indicated that Bonding, Reciprocity and Customer retention constructs have average responses approximately half way between 3 (Neutral) and 4 (Agree) on the Likert scale; Empathy, and Trust have average responses closer to 4 whilst customer satisfaction have an average response of exactly 4 with responsiveness recording the highest average response of 4.2. The mean values of the constructs showed that majority of the respondents largely agree with the various items under each construct. Moreover, the statistic of skewness attests to the fact that the responses to all the constructs are negatively skewed. But the low value of the skewness statistic indicated that though the observations are asymmetric, the distribution is not too far from been symmetrical. Besides, non-normality of the responses could also be a sign of inter-correlations. A low standard deviation indicates that the data points tend to be very close to the mean, whereas high standard deviation indicates that the data are spread out over a large range of values. The standard deviations of the constructs are relatively low, which implies that most responses cluster around the mean.

4.4 Correlations between Constructs

At this stage of the study, the correlation matrix of the constructs is computed. The correlation coefficient measures the strength of relationship between two variables. The results of the correlation matrix are presented in Table 4.3 below.

Table 4.3 Pearson's correlations between constructs

Constructs	Bonding	Empathy	Reciprocity	Trust	Resp'ness	Satisfaction	Retention
Bonding	1	0.680*	0.619*	0.618*	0.473*	0.673*	0.627*
Empathy		1	0.612*	0.688*	0.601*	0.711*	0.611*
Reciprocity			1	0.639*	0.348*	0.641*	0.699*
Trust				1	0.472*	0.649*	0.640*
Resp'ness					1	0.633*	0.409*
Satisfaction						1	0.741*
Retention							1

** Correlation is significant at the 0.01 level (2-tailed).
Source: Estimated from SPSS 16.0

Results of Pearson's correlations indicated that all the variables are positively correlated to each other at 1% level of significance. The correlation between customer satisfaction and retention was the highest (0.741) followed by the correlation between satisfaction and empathy. This implies that there is a strong positive relationship between customer satisfaction and retention as well as customer satisfaction and empathy which provides additional evidence in support of the hypotheses stated in the methodology. The correlation between Reciprocity and Responsiveness is the lowest (0.348); while pair wise correlation among majority of the constructs clusters around 0.65 with few correlations around 0.40. Although pair-wise correlations provides preliminary evidence of the relationship between two variables, a more sophisticated approach such as multivariate linear regression is needed to ensure that the effect of other variables are accounted for.

4.5 Multivariate Linear Regression Results

To investigate the effect of customer relationship tactics on customer retention, the study followed a two step approach. First, a linear regression was fitted employing customer satisfaction and Trust as the dependent variables and Bonding, Empathy, Reciprocity and Responsiveness as independent variables. This is because customer satisfaction and Trust are considered as intermediate variables between customer retention and the four customer relationship tactics. The second step consisted of fitting a regression with customer retention as a dependent variable and customer satisfaction and Trust as independent variables. Finally, a regression was fitted employing the four customer relationship marketing tactics as well as customer satisfaction and trust as independent variables. The purpose of such a model was to examine the direct impact of Bonding, Empathy, Reciprocity and Responsiveness on customer retention.

4.6 Customer Satisfaction and Customer Relationship Marketing Tactics

In Table 4.4a, the regression results of customer satisfaction on customer relationship marketing tactics are presented. Apart from the constant parameter which was insignificant, the coefficient of all the customer relationship marketing tactics were significant at 1% level, suggesting a direct relationship between customer satisfaction and Bonding, Empathy, Reciprocity and Responsiveness. The findings indicated that CRM tactics such as bonding, Empathy, Reciprocity and Responsiveness adopted by savings and loans companies leads to customer satisfaction, thus impacting positively on business operations.

Table 4.4a Regression of Satisfaction on Customer Relationship Marketing Tactics

Dependent Variable	Parameter	Coefficient	Standard Error	T	Significance level
SATISFACTION	INTERCEPT	0.019	0.181	0.105	0.916
	BONDING	0.179	0.041	4.361	0.000*
	EMPATHY	0.239	0.060	3.954	0.000*
	RECIPROCITY	0.264	0.045	5.897	0.000*
	RESPONSIVENESS	0.357	0.049	7.276	0.000*

R2 = 0.665   Adjusted R2 = 0.661

Table 4.4b Test of between-subject effects

Source	Sum of Squares	Degrees of Freedom	Mean Square	F	Significance
Regression	63.753	4	15.797	146.533	0.000*
Residual	31.236	295	0.108		
Total	94.989	299			

Dependent variable: Satisfaction;
Predictors: (Constant), Bonding, Empathy, Reciprocity, and Responsiveness.
Source: Computed from SPSS 16.0

Specifically, a 1% increase in bonding will lead to 17.9% increase in customer satisfaction; a unit rise in empathy leads to 23.9% increase in the level of customer satisfaction. For reciprocity, the findings indicated that a percentage increase in the variable will lead to 26.4% rise in customer satisfaction. The coefficient of responsiveness is the 0.357 which means a 1% increase in responsiveness will result in 35.7% rise in customer satisfaction. The conclusion that can be drawn from the finding in Table 4.4a is that, as savings and loans companies deepen the practice of customer relationship marketing such as bonding, empathy, reciprocity and responsiveness, the level of customer satisfaction would rise thus impacting positively on business.

The model recorded an R^2 of 0.665 which implies that the regression reasonably fits well. The result from Table 4.4b also indicated that 63.75% of the variation in customer satisfaction can be explained by the four customer relationship marketing tactics.

4.7 Trust and Customer Relationship Marketing Tactics

This section examines the relationship between CRM tactics and Trust. Results from Table 4.5a depicted that all the variables are significant at 1% level except Responsiveness which is significant at 10% level. The coefficient of all the customer relationship marketing tactics was positive and conforms to prior expectations. There is therefore a direct relationship between bonding, empathy, reciprocity and responsiveness; and Trust. The coefficient of bonding variable is 0.117 which means a unit rise in bonding may lead to 11.7% increase in trust. A 1% increase in empathy, reciprocity and responsiveness leads to 35%, 26% and 8.8%

rise in trust respectively. The results confirm the positive relationship between customer relationship marketing tactics and trust.

The regression model recorded an R^2 of 0.567 indicating a reasonably goodness-of-fit of the regression model. The test of between subject effects points to the fact that the four customer relationship marketing tactics account for 43.77% of the variation in the dependent variable.

Table 4.5a Regression of Trust on Customer relationship marketing Tactics

Dependent Variable	Parameter	Coefficient	Standard Error	T	Significance level
TRUST	CONSTANT	0.735	0.185	3.965	0.000*
	BONDING	0.117	0.042	2.788	0.006*
	EMPATHY	0.350	0.062	5.649	0.000*
	RECIPROCITY	0.265	0.046	5.789	0.000*
	RESPONSIVENESS	0.088	0.050	1.748	0.080***

R^2 = 0.567, Adjusted R^2=0.561; * and *** denotes 1% significance level respectively.

Table 4.5b Test of between-subject effects

Source	Sum of Squares	Degrees of Freedom	Mean Square	F	Significance
Regression	43.767	4	10.942	96.643	0.000*
Residual	33.399	295	0.113		
Total	77.167	299			

Dependent variable: Trust;
Predictors: (Constant), Bonding, Empathy, Reciprocity, and Responsiveness.
Source: Computed from SPSS 16.0

4.8 Relationship quality and Customer Retention

From the last two sections, the study found evidence to the fact that bonding, empathy, reciprocity and responsiveness are positively related to trust and customer satisfaction. In literature, trust and customer satisfaction are referred to as relationship quality variables. Thus after establishing that the various relationship marketing tactics leads to trust and customer satisfaction, the study proceeds by fitting a regression between customer retention and the two intermediate variables (Trust and Satisfaction).

Table 4.6a Regression of Retention on Trust and Customer Satisfaction.

Dependent Variable	Parameter	Coefficient	Standard Error	T	Significance level
RETENTION	Constant	0.392	0.245	1.604	0.110
	TRUST	0.662	0.057	11.522	0.000*
	SATISFACTION	0.165	0.060	2.759	0.006*

R^2= 0.425 Adjusted R^2 = 0.421;*denote 1% significant level

Table 4.6b Test of between-subject effects

Source	Sum of Squares	Degrees of Freedom	Mean Square	F	Significance
Regression	43.359	2	21.680	109.539	0.000*
Residual	58.781	297	0.121		
Total	102.141	299			

Dependent Variable: Retention; Predictors: (Constant), Trust and Satisfaction
Source: Estimated from SPSS 10.0

The results from Table 4.6a show that the coefficient of Trust and Satisfaction are positive and statistically significant at 1% level. From the study, a 1% rise in Trust leads to 66.2% increase in customer retention. Thus, Savings and Loans Companies who are interested in retaining their customers should deepen the practice of customer relationship marketing in order to gain the trust of their clients. Furthermore, the study confirmed the fact that Savings and Loans Companies may have a brighter chance of maintaining their customers if they adopt policies that improve the satisfaction level of their customers. The results indicate that a unit rise in the level of customer satisfaction may lead to a 16.5% increase in customer retention. The general conclusion that can be drawn from the results is that the kind of relationship quality perceived by customers determines they will stay with their existing Savings and Loan Companies.

The model recorded an R^2 of 0.42.5 which is quite low but reasonable in the since that Trust and satisfaction are intermediate variables through which bonding, empathy, reciprocity and responsiveness affect customer retention. Besides, 43.36% of the variation in the dependent variable is accounted for by the independent variables as indicated by the regression sum of squares in Table 4.6b.

4.9 Customer Relationship Marketing Tactics and Customer Retention

The final step in the estimation process was to explore whether there was a direct relationship between customer relationship marketing tactics and customer retention. A regression was therefore fitted between customer retention and the various relationship marketing tactics.

The results presented in Table 4.7a depicted that there was a direct relationship between customer retention and bonding, reciprocity and responsiveness. However, the coefficient of empathy was not statistically significant indicating that empathy does not affect customer retention directly but indirectly through trust and customer satisfaction. The coefficient of reciprocity, responsiveness and bonding are significant at 1%, 5% and 10% level respectively. The implication is that the three relationship marketing tactics can affect customer retention directly or indirectly through trust and satisfaction.

Table 4.7a: Regression of Customer Retention on CRM Tactics

Dependent Variable	Parameter	Coefficient	Standard Error	t	Significance level
Retention	Intercept	0.182	0.196	0.928	0.354
	Bonding	0.082	0.045	1.819	0.070***
	Empathy	0.005	0.068	0.071	0.944
	Reciprocity	0.290	0.052	5.590	0.000*
	Responsiveness	-0.115	0.056	-2.037	0.043**
	Trust	0.166	0.061	2.734	0.007*
	Satisfaction	0.475	0.062	7.650	0.000*

*, ** and *** denotes 1%, 5% and 10% significance level

R2=0.585 Adjusted R2= 0.578

Table 4.7b: Test of between subject effects

Source	Sum of Squares	Degrees of Freedom	Mean Square	F	Significance
Regression	66.821	6	11.137	92.388	0.000*
Residual	35.319	293	0.121		
Total	102.141	299			

Dependent variable: Retention;
Predictors: (Constant), Bonding, Empathy, Reciprocity, Trust, Responsiveness and Satisfaction
Source: Computed from SPSS 16.0

The goodness-of-fit of the model as indicated by R^2 is 58. 5%. Thus, the model is well fitted and the test of between subject effects indicated that approximately 66.82% of the variation in customer retention can be accounted for by the independent variables.

4.10 Conclusion

In this chapter, the findings from the study was presented and discussed. Reliability test was first conducted to verify the internal consistency of each construct. The results indicated that all the constructs are internally consistent and reliable. Preliminary test conducted using correlation analysis indicated a positive relationship between various customer relationship marketing tactics and customer retention. Subsequently, a regression model was fitted employing trust and satisfaction as dependent variables and Customer Relationship Marketing tactics (bonding, empathy, reciprocity and responsiveness) as independent variables. From the regression model, a positive relationship was established between all Customer Relationship Marketing tactics and the dependent variables. Since Trust and customer satisfaction are considered intermediate variables through which Customer Relationship Marketing tactics affects retention, the study proceeded by exploring whether these relationship quality variables affect customer retention. The results lend credence to the fact that customer retention is influenced by trust and satisfaction.

Finally, attempt was made to establish whether the various Customer Relationship Marketing tactics can have a direct effect on customer retention. Apart from the coefficient of empathy which was not significant, the rest of the Customer Relationship Marketing tactics have a direct impact on customer retention. It is therefore imperative for Savings and Loans Companies to deepen the practice of customer relationship marketing in order to retain their customers and remain competitive.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of findings

The study sought to investigate the effect of Customer Relationship Marketing on customer retention among Savings and Loans Companies in Ghana. This is because although relationship marketing tactics has been widely implemented by service providers, customers still tend to switch to competitors. This study reviewed general literature on Relationship Marketing. The study also provided a review of theoretical and empirical literature on customer relationship marketing and its importance on customer satisfaction, trust and ultimately customer retention.

Some of the key topics that were reviewed included: the root of relationship marketing; the relationship between relationship marketing tactics and trust; the relationship between relationship marketing tactics and satisfaction; relationship marketing customer satisfaction and retention; and towards a framework for relationship marketing.

A quantitative methodological approach was adopted for the study. Structured questionnaires were distributed to a total of three hundred (300) customers from Savings and Loans Companies. On the whole, data collection lasted a total of three (3) weeks. Statistical techniques such as correlations and regression were employed to analyze the data after a summated scale had been created for its construct. Reliability test was also conducted to ensure that all the constructs are internally consistent before summated scale was constructed.

Attempt was made to establish whether the various Customer Relationship Marketing tactics can have a direct effect on customer retention. Apart from the coefficient of empathy which was not significant, the rest of the Customer Relationship Marketing tactics have a direct impact on customer retention. It is therefore imperative for Savings and Loans Companies to deepen the practice of customer relationship marketing in order to retain their customers and remain competitive.

As the study shows, Savings and Loans Companies are receiving strong positive word of mouth from its clients to their friends and relations although other factors have a strong role to play in why people transact business with them. Savings and Loans Companies are doing well by maintaining the relationship it initiates with its clients but must work on improving the number of contact time with them and also review the interest rates with their clients. The findings confirm to with theory indicating that it is cheaper to serve an existing customer than to attract and serve a new one.

The financial institutions performed well with customer satisfaction and retention. Majority of respondents were willing to recommend the bank to others, an indication that they were happy with the level of service although significant portion of those who considered the possibility of leaving.

The findings suggested a direct relationship between customer satisfaction and Bonding, Empathy, Reciprocity and Responsiveness. The findings indicated that Customer Relationship Marketing tactics such as bonding, Empathy, Reciprocity and Responsiveness adopted by savings and loan companies leads to customer satisfaction and trust, thus impacting positively on business operations.

The survey clearly showed that, if firms relate well with customers, customers will satisfied and this will lead to a mutual trust that could lead to customer retention.

5.2 Conclusion

Relationship marketing is viewed as a strategy to attract, maintain and enhance customer relationships and in effect establish a continuous bond with customers. Indeed, businesses are concerned about not only attracting and satisfying customers, but in developing long-term relationships with them.

It was discovered that as savings and loan companies deepen the practice of customer relationship marketing such as bonding, empathy, reciprocity and responsiveness, the level of customer satisfaction would rise thus impacting positively on business. The study found evidence to the fact that bonding, empathy, reciprocity and responsiveness are positively related to trust and customer satisfaction. Thus, Savings and Loans Companies who are interested in retaining their customers should deepen the practice of customer relationship marketing in order to gain the trust of their clients. Furthermore, the study confirms the fact that Savings and Loan Companies may have a brighter chance of maintaining their customers if they adopt policies that improve the satisfaction level of their customers.

All the relationship marketing tactics (bonding, empathy, responsiveness and reciprocity) discussed confirmed that when it is properly handled it can lead to trust and satisfaction from customers who in the long run can lead to customer retention with that Savings and Loan Companies.

It can be stated from above that, there is a positive relationship between a firm's ability to relate well with customers since that can retain customers.

5.3 Recommendations

Although many relationship tactics have potential for developing customer trust and satisfaction, some tactics are more sensitive than others. Marketers should put their efforts into implementing more effective relationship marketing tactics, in order to enhance customer Perceived trust and satisfaction which are likely to lead to retention .The recommendations that are being made are done to help improve on the better services given to customers.

It must be emphasized that, in the area of bonding, customers do not particularly feel so much bonded with their Savings and Loans Companies Management of savings and loan companies should therefore adopt strategies aimed at improving the bonding between them and their clients.

With empathy aspect of relationship building, customers want to feel that their financial institution knows their problems and must show keen interest in helping them solve it. Customers want to be follow-up individually. In some cases, Savings and Loans Companies must offer personalized attention to clients. This will bring a feel of belongingness which eventually builds a stronger relationship.

Saving and Loans Companies staff must be trained to be more responsive in the form of devoting time to help meet all the needs of clients, give fast and efficient service and give sincere and detail information on the solutions that will help solve the challenges of customers.

If Savings and Loans Companies want their customers to reciprocate or appreciate the services offered to them, then they should be willing to help customers solve their financial difficulties and provide services on the agreed time.

To ensure retention, the monthly interest rate of 5% to 10% can also be reviewed since it erodes customers of their monthly income.

When the above recommendations are considered, it will enhance customer perceived trust and satisfaction which is a crucial factor for customer retention.

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Appendix I

QUESTIONNAIRE

CUSTOMER RELATIONSHIP MARKETING AND CUSTOMER RETENTION IN THE NON-BANK FINANCIAL SECTOR IN GHANA

The researcher is a student of the Kwame Nkrumah University of Science and Technology (KNUST), Kumasi. Your response to this questionnaire would help improve the quality of service rendered to customers by financial institutions. Data collection is strictly for academic purpose and therefore all information provided shall be kept under strict confidential cover.

RESPONDENTS: Customers of Non-bank financial institutions (NBFIs)

SECTION A: SOCIO-ECONOMIC BACKGROUND

1. Gender [ ] male [ ] female

2. Age [ ] 18-27 [ ] 28-37 [ ] 38-47 [ ] 48-57 [ ] 58 and above

3. Level of education [ ] Up to Primary level [ ] JHS [ ] SHS/TECHNICAL [ ] Tertiary [ ] Others (specify)............................

4. Employment [ ] Unemployed [ ] Employed [ ] Student [ ] Retired [ ] Others (specify) ....

5. Are you a customer of any Non-bank Financial Institution (NBFI) [ ]Yes [ ] No

6. If Yes, please specify the name of the Non-bank Financial Institution...

7. How long have you been with this Non-bank Financial Institution (years)...................................

SECTION B: CRM AND CUSTOMER RETENTION

Please show the extent to which you agree or disagree with the statements as indicated by the scale below. Please tick within the columns under your preferred position.

No.	**Bonding**	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
BD1	My Success thrives on the solid relationship I have with this financial institution					
BD2	My financial institution is always in touch with me					
BD3	My financial institution endeavour to establish a long-term relationship with me					
BD4	My financial institution works in close co-operation with customers					
No.	**Empathy**	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
EP1	My financial institution knows how I feel					
EP2	My financial institution always see things from my point of view					
EP3	They provide the service in the agreed time					
EP4	My financial institution works in close co-operation with customers					
EP5	The working hours are flexible and adapted to the different types of customers					
EP6	Employees understand the specific needs of customers					
EP7	They give special attention to each customer					
	Reciprocity					
RP1	My financial institution helps me to solve difficulties, so it my responsibility repay their kindness					
RP2	My financial institution keeps its promises					
RP3	I will never forget all the good things this financial institution has done for me					
	Trust	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree

TR1	My financial institution is trustworthy on important things					
TR2	I trust my financial institution on anything I ask of them					
TR3	There is mutual trust between this financial institution and their customers					
TR4	Based on past business relationship, I think this financial institution is a trustworthy					
	Responsiveness					
RS1	Employees give sincere and detailed information about all the conditions of the service					
RS2	Employees are always willing to help the customers					
RS3	Employees devote enough time to each customer to be able to answer his/her questions					
RS4	Employees give the customers fast and efficient service					

No.	**Customer retention**	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
CR1	I am confident of giving positive word of mouth testimonies to others this institution					
CR2	I do not intend leaving this financial institution in the future					
CR3	As compared to other Non-bank financial institutions, my loyalty is this institution					
CR4	I find it difficult to switch to other NBFIs because of what I get from this institution					
CR5	I intend using other products and services of this financial institution					

CR6	I love the low charges of this financial institution					
CR7	If I have to open a different account, it will be with this financial institution					
	Satisfaction	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
SA1	Generally, I am satisfied with the services of this financial institution					
SA2	I will recommend this financial institution to friends and family members					
SA3	The personnel of My financial institution are courteous and friendly					
SA4	My financial institution quickly solve my problems					
SA5	I will always choose this financial institution over any other NBFIs.					

Thank You.