

Determining the role of corporate reputation in customer loyalty within the South African banking sector

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ABSTRACT

The study investigates the correlations between the customer's loyalty, trust and satisfaction regarding the organisation's reputation within the banking sector in South Africa. High service levels are expected in this highly competitive and price-sensitive market. A bank's competitiveness can be impacted significantly by factors including service quality, price competitiveness, and product diversity. As a result, a study with the primary objective is to determine if there are correlations between the customer's loyalty, trust and satisfaction regarding the organisation's reputation. The literature study was compiled, and intensive research was provided about service quality, customer satisfaction, customer trust, brand image, reputation, customer loyalty, and word of mouth. After all, these concepts were properly highlighted and explained so that conclusions could be made. A case study was used to illustrate the digital currency sector and blockchain technology that may offer numerous solutions in the future within the banking and financial system as a whole. Customer satisfaction data were gathered from customers across South Africa using a 5-point Likert scale on an electronic platform (Google Forms). More than 1000 questionnaires were distributed to people, and 150 were filled out and returned (representing a 15% response rate). The data were examined, and the Cronbach alpha coefficient was more than 0.775, indicating reliability. Four underlying factors were identified after additional analysis utilising exploratory factor analysis, namely the importance of customer service and satisfaction concerning customer loyalty (Factor 1), the impact of negative publicity on the reputation (Factor 2), the importance of regulatory compliance in trust (Factor 3), and importance of trust and reputation (Factor 4) can confidently be retained in this study. These factors explained a favourable cumulative variance of 55.34%. The model was confirmed using confirmatory factor analysis and possesses satisfactory fit indices.

Keywords: Brand loyalty, trust, customer satisfaction, reputation, banking sector, service quality, price sensitive.

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LIST OF ABBREVIATIONS

Table 1: Abbreviations used in this study

Abbreviation	Meaning
AI	Artificial Intelligence
CS	Customer Satisfaction
CSI	Customer Service Index
CCSI	Competitive Customer Service Index
CFI	Comparative Fit Index
CBDC	Central Bank Digital Currency
CIRT	Centre For Innovation and Research Teaching
COVID-19	Coronavirus Disease Of 2019
df	Degrees of Freedom
EFT	Electronic Fund Transfer
GM	General Manager
CEO	Chief Executive Officer
CIO	Chief Information Officer Team
DLT	Distributed Ledger Technology
EWOM	Electronic Word of Mouth
FNB	First National Bank
GM	General Manager
ICO	Initial Coin Offering
IETF	The Internet Engineering Task Force
IoT	Internet Of Things
KMO	Kaiser-Meyer-Olkin
NFI	Normal Fit Index
NFT	Nonfungible Tokens
NWOM	Negative Word of Mouth
PA	Prudential Authority
RMSEA	Root Mean Square Error of Approximation
SARB	South African Reserve Bank
SA	South Africa

SERVQUAL	Service Quality
TLI	Tucker-Lewis Index
TLS	Transport Layer Security
WoM	Word of Mouth
WWF	Worldwide Fund for Nature

DEFINITION OF KEY TERMS

Table 2: Key terms used in this study

Terms	Definition
Banking	The business conducted or services offered by a bank.
Brand Image	The customers' view of the brand based on their interactions and experiences with the brand or their assumptions about what the brand could be is a straightforward definition of brand image (Pahwa, 2022).
Cobot	Internally, the action must be carried out by an actor who can be a human, a robot, or most often a hybrid of the two, often referred to as a Cobot.
Loyalty	The Oxford Dictionary (2022) defines loyalty as “the quality of being faithful in your support of someone or something.”
Reputation	The business reputation is made up of what others think and feel about your business, based on their experience with your business, what they've heard about your business, and the facts they've gathered about your business—true or not (Buxton, 2022).
Service Quality	the degree to which consumers' pre-purchase expectations of quality are confirmed or disproved by their actual impressions of the service experience (Definitions Team, 2022).
Trust	“To believe that someone is good and honest and will not harm you, or that something is safe and reliable.” (Cambridge Dictionary, 2022).

CHAPTER 1: NATURE AND SCOPE OF STUDY

1.1 INTRODUCTION

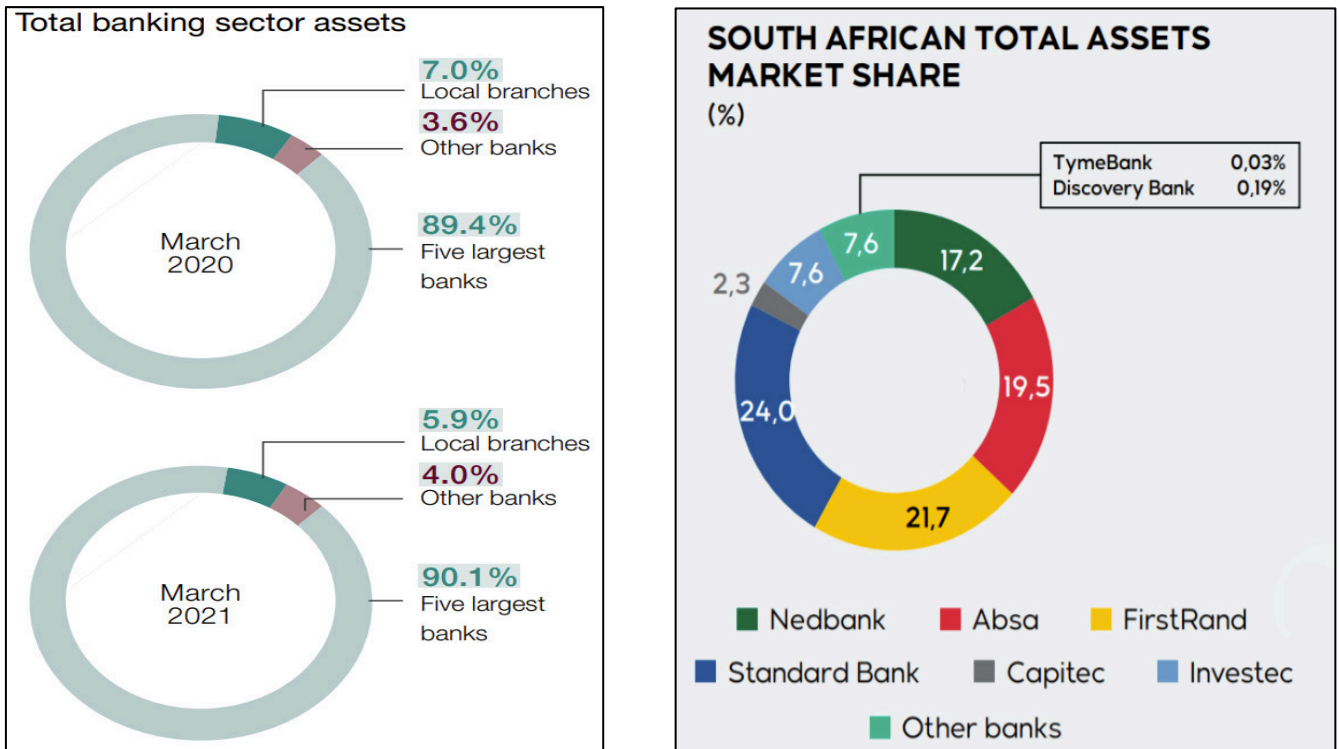
The South African banking sector has continued growth over the past few years. However, certain factors significantly influence annual percentage growth within an organisation (Staff Writer, 2021). According to The Banking Association South Africa (The Banking Association South Africa, 2021), the South African banking sector has managed to survive and show growth year on year, even with significant global challenges.

Figure 1 shows that in South Africa, there are five banks known as the “big five”; they are ABSA Bank, First National Bank (FNB), Investec, Nedbank, and Standard Bank (Business tech Staff Writer, 2021).

Fierce competition exists among these banks, accounting for more than 90% of the country’s total banking assets (as of April 2022), which were estimated to be worth more than R7 trillion (Benson, 2022). The combined assets of South Africa's banks reach just under R6.5 trillion, with mutual banks holding assets at R3.4 billion (Business tech Staff Writer, 2021).

According to the South African Reserve Bank (SARB) - Prudential Authority (PA) (2022), there are currently 55 registered banks and representatives in South Africa. The banks consist of fourteen locally controlled banks, three mutual controlled banks, thirteen branches from foreign banks, twenty-eight representatives from foreign banks, four foreign-controlled banks and three banks in liquidation (South African Reserve Bank Bank, Prudential Authority, 2022).

Figure 1: Biggest banks by assets in South Africa



Source: (Business tech Staff Writer, 2021)

This competition in the banking industry is further stiffening because, as of late, smaller and new players are entering the market. New market entry banks are Capitec Bank, African Bank, TymeBank, Bank Zero, and Discovery Bank. These banks are increasing the competition for a portion of the market further (Business tech Staff Writer, 2021).

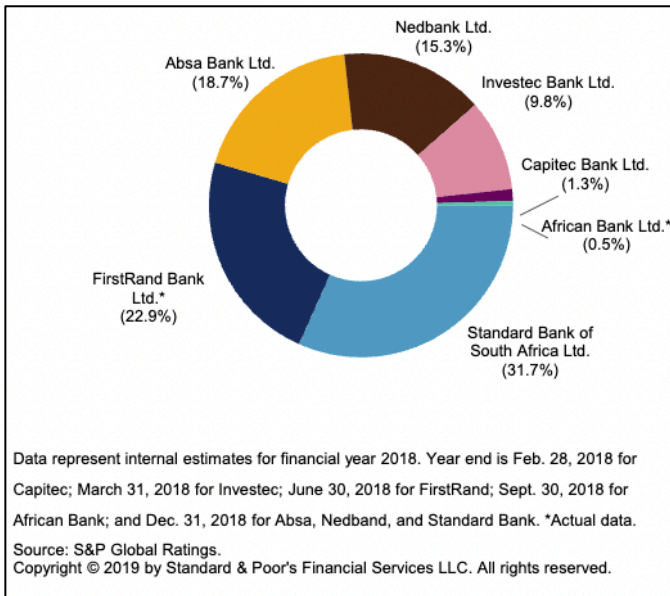


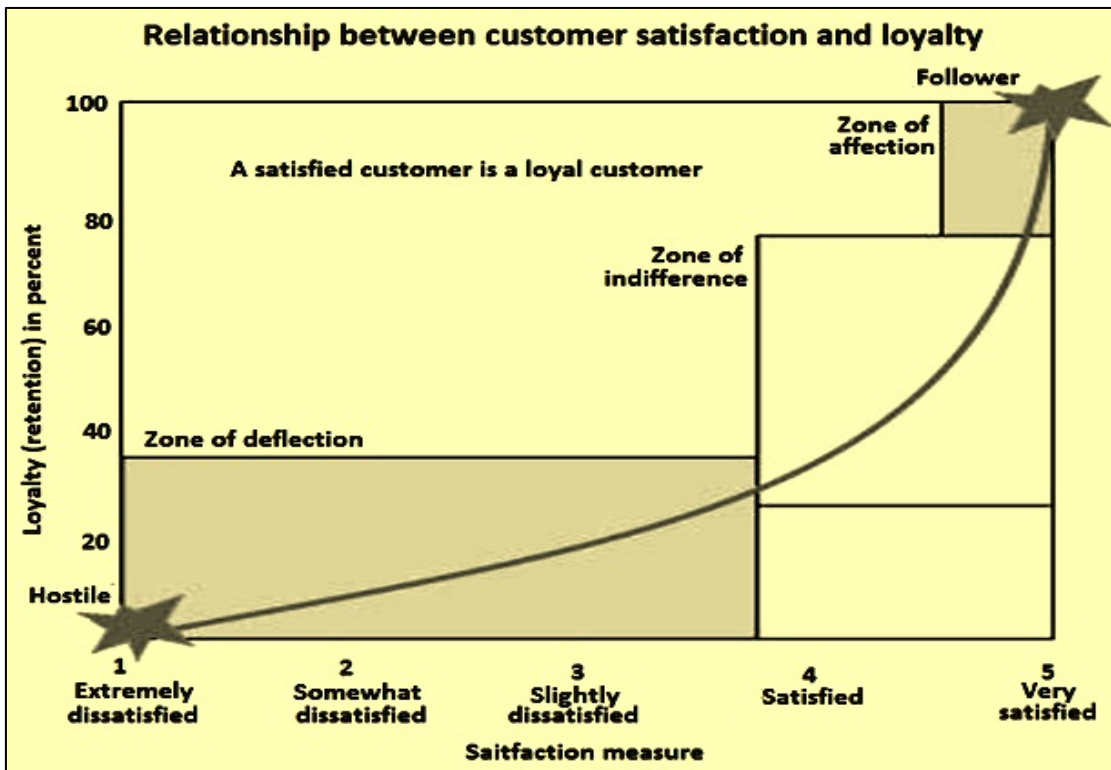
Figure 2: The top five South African Banks by Market Share

Source: (Mensah, 2019)

To effectively compete in this market, knowledge of the customer base is insufficient to provide a competitive edge. Competitors must consider what factors influence their current and future customers to remain loyal and satisfied.

This concept of using customer satisfaction as a competitive tool was popularised by Parasuraman et al. (1985) and reiterated in 2006 (Hill & Alexander, 2006:5-12); this is even more true today (Satyendra, 2022). Once the banks know these factors, they can determine the customers' needs regarding the banking services and products.

Figure 3: Relationship between customer satisfaction and loyalty



Source: (Satyendra, 2022)

Typically, most South African banks are currently dedicating significant resources towards developing their product and service delivery platforms to enable their customers digitally (Mzekandaba, 2020). A major determining factor for banks would be to ensure they are geared to cater to their customers in a more online approach, with as little friction as possible during interactions. Any organisation, especially in the banking sector, would be smart to cover this area when developing their strategy to optimize fully (Qasem & Alhakimi, 2019).

Parniangtong (2017) reasons that a competitive edge for the banking industry is to focus on customer-centricity. According to Dudovicz (2022), although it plays a role, customer-centricity is more complicated than simply asking customers what they want and delivering on those requests. To be more customer-centric, banks must reassess what they already know about their clients and develop a deeper understanding of who they are, what attracts them, what they value, and what excites them. Building a relationship with consumers that is more meaningful than the transactional one banks often have with them is the goal of a relationship that resembles a partnership and is attentive to the client's needs. The basis of

this kind of relationship is data. Financial institutions gather massive amounts of data on several variables in the consumer journey (Kumar, 2021).

Therefore, it is of utmost importance for banks to ensure their customer satisfaction levels are at a continuous all-time high. Ultimately, a customer-centric approach that leads to exceptional service would lead to loyal customers and new ones coming on board, leading to 60% more profitability for companies (Bishop, 2019).

The digitisation of banks and their services also ties in nicely with the 4th Industrial revolution, while some possibilities exist even to interface using the 5th Industrial Revolution. According to Mehdiabadi *et al.* (2022), in the 5th Industrial revolution of banking, not everything that seemed significant and real was necessary to be done in banks. All companies and people should include banking in their daily operations and jobs. In other words, the consumer and their requirements, not the bank, should be at the heart of the transaction. Internally, the action must be carried out by an actor who can be a human, a robot, or, most often, a hybrid of the two (a Cobot). The development of Industry 5.0 is predicated on the observation or assumption that Industry 4.0 places less emphasis on the original concepts of social justice and sustainability and more on digitalisation and AI-driven technologies for enhancing production flexibility and efficiency (Amir Mehdiabadi, 2022).

A modern competitive stance is crucial, especially with banking services being considered an essential international service. South African banks need to develop and position themselves with focused strategies to align with the 4th and even 5th Industrial revolution trends (Hwa Baek, 2021).

1.2 BACKGROUND

Despite rife competition by the “Big Five” banks, the South African banking sector is flourishing, with new market players entering niche markets. This research study focussed on banks in South Africa with no focus on a specific bank or group.

South Africa has been in a technical recession since 2018, with real adverse effects on the banking sector and the consumers as they cannot afford to fund their daily lives compared to pre-COVID-19 times (Statistics SA, 2020).

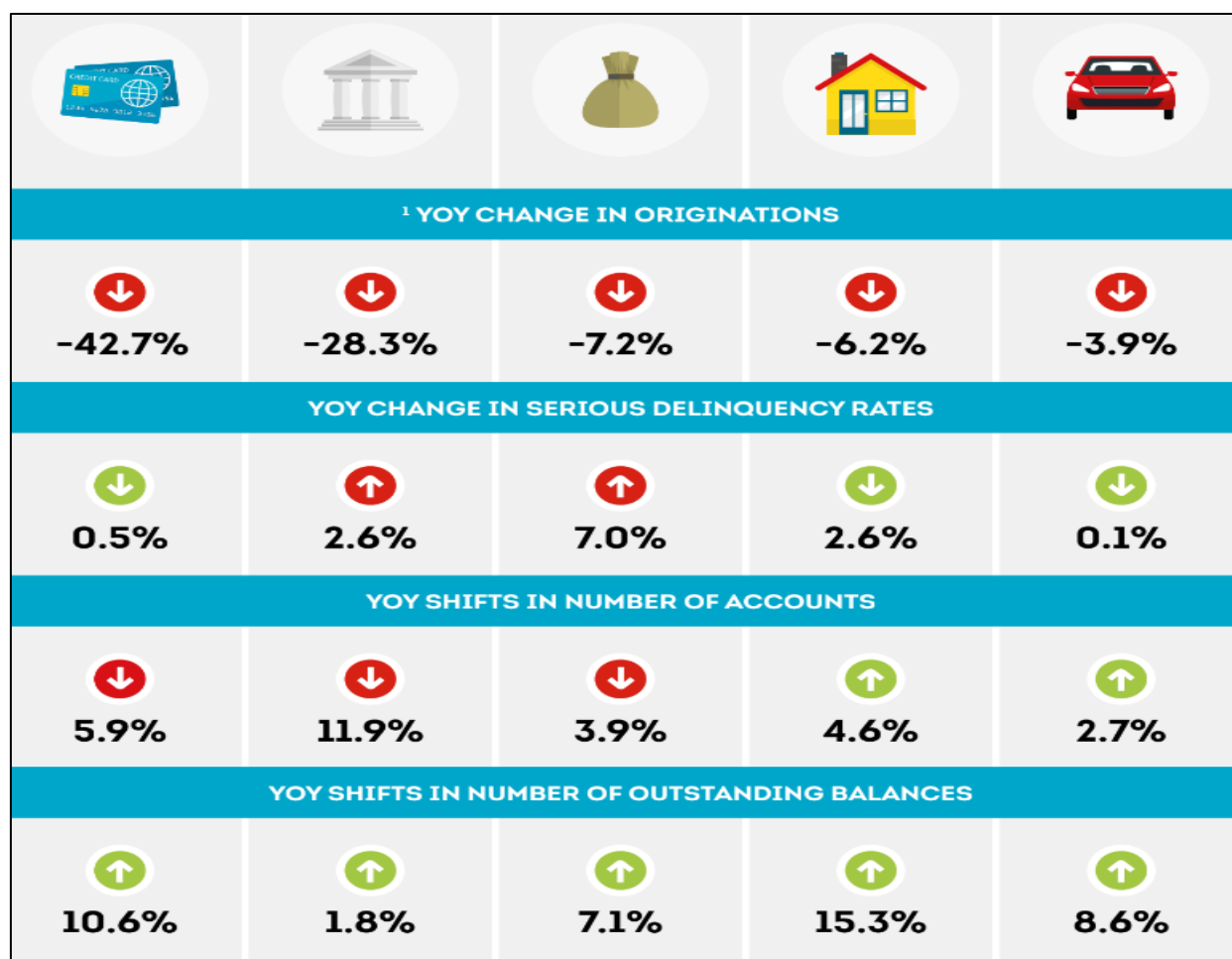
South African consumers are experiencing a challenging year concerning their disposable income due to rising energy, fuel, and inflation, followed by the government removing supporting stimulus provided to the people due to the impact of the pandemic (Cotterill, 2022)

According to Business Tech (BusinessTech, 2021), South Africans struggle to pay off their credit card debt. If anything, COVID-19 only exuberated the current economic crisis and challenging times in South Africa for most consumers, as depicted in Figure 4.

The COVID-19 pandemic exercised tremendous strain on the economies of both South Africa and the rest of the world. According to the Depart of Statistics of South Africa, the unemployment rate is 34.9% (The Record, 2022). A recent Deb Rescue survey found that 73% of South Africans will have major significant economic problems by 2022 due to their inability to meet ends. According to the same report, a startling 76% of South Africans' income is used to pay off debt. At the same time, the cost of food, energy, and fuel has increased significantly in the final quarter of 2021. So, to survive, a South African must earn more monthly money.

With the banks in South Africa continuing to compete in a competitive market and in a struggling economy, it would be of utmost importance for the banks to understand which factors contribute to customer satisfaction. Figure 4 confirms the importance of this research study and the primary and secondary objectives being achieved.

Figure 4: Credit demand in South Africa



Source: Staff Writer, 2021

1.3 PROBLEM STATEMENT AND CORE RESEARCH QUESTION

According to May and Perry (2022), developing and contextualising a good research problem is not just important but also one of the first steps in conducting a research study. Before conducting a research study, the researcher first needs to determine the problem that the study would be addressing intending to find a reasonable solution.

Customer satisfaction has been and will continue to be a focal point in most industries due to its significant role in an organisation's performance and, ultimately, the survival of organisations. This is also true for the competitive banking sector (Iglesias *et al.*, 2019). It is also clear that, similar to most industries, it costs banks more to obtain new customers than to keep existing customers. It is estimated that acquiring new banking customers could cost up to five times more than retaining existing customers (Landis, 2021). Furthermore, a

company's probability of continuing and selling additional products and services to an existing customer is an estimated 70% compared to a 20% probability when approaching new customers. Therefore, bank strategies should include resources that will focus on the retention of customers and cross-selling new products and services to existing customers (Landis, 2021).

There is a positive correlation between customers' satisfaction and loyalty towards their bank and its reputation. Hence, establishing a strategy for survival and success in a highly competitive market requires satisfaction and loyalty (Ferm & Thaichon, 2021). Therefore, banks must determine what keeps customers loyal and satisfied.

A critical step during a research study is to develop a sound research question (Stephen, 2020). It is of utmost importance to ensure the research question is direct, clear, and focussed on the research problem the researcher will investigate. Thus, based on the problem, the primary research question is: *Do strong correlations exist between the customer's loyalty, trust, and satisfaction regarding the organisation's reputation?*

1.4 RESEARCH OBJECTIVES

1.4.1 Primary objective and research aim

The primary objective is to determine if there are correlations between the customer's loyalty, trust and satisfaction regarding the organisation's reputation.

1.4.2 Secondary objectives

The secondary objectives that for the study are to:

- determine what customers expect from their respective banks
- establish the impact of reputation on customer retention
- establish if relationships exist between customer satisfaction and trust

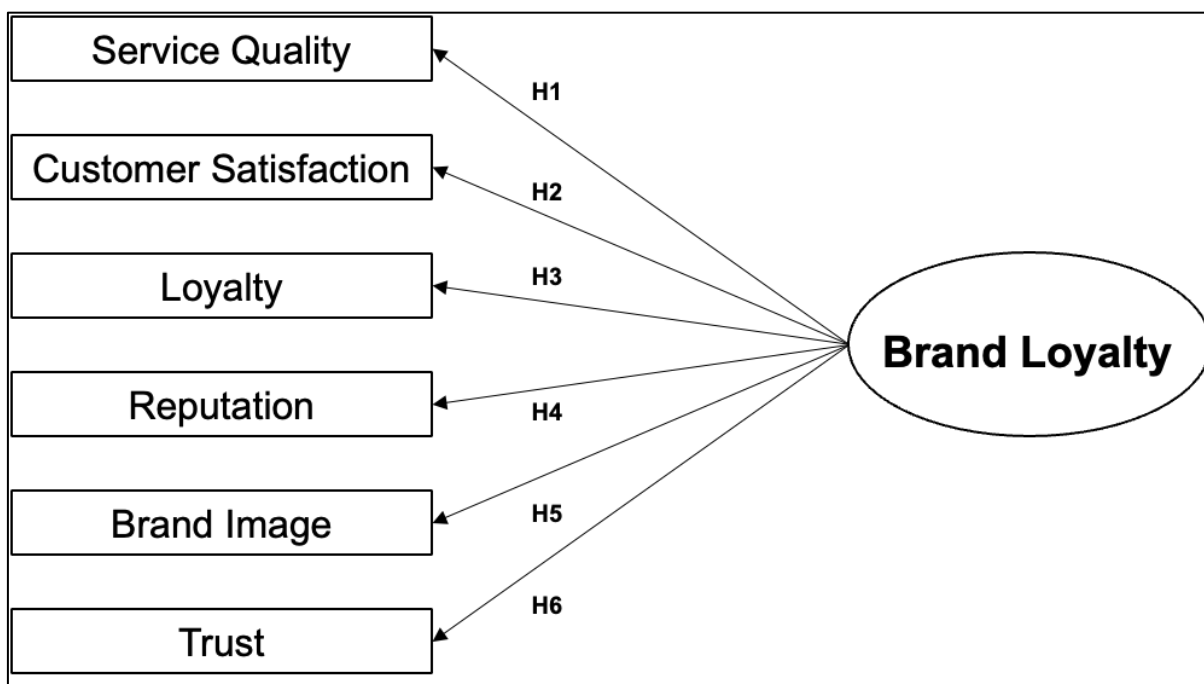
1.5 HYPOTHESIS

Customers differ around the globe in terms of age, income, education, and taste, according to Armstrong and Kotler (2013:156). The relevant hypotheses for this study are then given based on the literature review, the research problem (section 1.3), and the research

objectives (section 1.4). The following alternate hypotheses are formulated to further meet these objectives:

- H_0 : There are no significant positive relationships between the *Antecedents* and *Brand loyalty*.
- H_1 : There is a significant positive relationship between *Service quality* and *Brand loyalty*.
- H_2 : There is a significant positive relationship between *Customer satisfaction* and *Brand loyalty*.
- H_3 : There is a significant positive relationship between *Loyalty* and *Brand loyalty*.
- H_4 : There is a significant positive relationship between *Reputation* and *Brand loyalty*.
- H_5 : There is a significant positive relationship between *Brand image* and *Brand loyalty*.
- H_6 : There is a significant positive relationship between *Trust* and *Brand loyalty*.

Figure 5: Factors affecting customer loyalty in the banking sector



Source: (Khokhar, 2019)

1.6 IMPORTANCE AND BENEFITS OF THE PROPOSED STUDY

The South African banking sector consists mainly of five major banks with 90% market share. Therefore, it would benefit the bank's management and leadership team to gain insights into their customers' business behaviour because it could provide some insights that could also be leveraged for a competitive advantage. Typically, if the study establishes strong relationships between the customer's loyalty, trust and satisfaction concerning the organisation's reputation, more attention and resources could be allocated to these business areas, such as directly managing the bank's reputation.

It is also important for the banking sector in South Africa to take note that during the COVID-19 pandemic, drastic changes occurred over a short period. Pre- and post-COVID customers differ vastly. Many customers accepted digitisation and online shopping habits; banking similarly changed to a more non-contact and cash-less transaction environment (Csiszar, 2022).

Platform models provide scalability and agility in uncertain times, as the current environment pushes customers to communicate digitally with their banks. According to the study, platform-based banks have up to two times easier to raise operating profits, find new value sources, and enhance operational effectiveness. The stakes have increased as the COVID-19 environment pushes customers towards digital banking, with over half of consumers (57%) now choosing internet banking, up from 49% before COVID-19, and 55% prefer mobile banking apps, up from 47% (Capegemini, 2020).

Typically, the days of having a branch for customers to interact with bankers are numbered, and online services and applications are becoming mainstream for people at their convenience (Martin, 2020).

1.7 DELIMITATIONS AND SCOPE

Scope and delimitations are two elements of a research study or thesis. The scope of a study describes the parameters within which the investigation will operate and explains how far the research area will be investigated in the work conducted. As a result, delimitations are features that limit the scope and specify the study's boundaries, such as sample size, geographical location or setting, and population traits. These delimitations may be imposed

for practical reasons, such as a lack of time or financial resources to conduct a more thorough study. In addition, the researcher may opt to collect data using some study instruments and procedures but not others.

This research study focuses only on South African banks and customers currently holding an active banking relationship in South Africa with a South African bank. The information will be gathered using online questionnaires and randomly targeting respondents. The respondents will not be limited in the time they take to complete the questionnaire.

Respondents would include both individuals and businesses (customers) over the age of 18 years old. The respondents would further be required to be employed together with receiving their salary in their respective bank accounts held in South Africa.

Refer to **Chapter 1, Section 10** for details on limitations.

1.8 ASSUMPTIONS

Assumptions are a crucial component of proposals because results do not yet back up the proposed research. According to Simon and Goes (2013), assumptions are important to permit and complete the study. Some outcomes need to be assumed and then researched to establish if the assumptions are relevant, factual and logical. For example, the presumption that participants in a study would provide truthful, factual responses to survey or interview questions is a typical assumption.

1.9 RESEARCH METHODOLOGY

1.9.1 Research design

A lot of emphasis was placed on the research question when deciding on which research approach would be followed. The researcher considered both the objectives and benefits being highlighted under the cross-sectional and longitudinal designs when making an informed decision. Due to the research question being formed already, the question was used to determine the type of information the research study would require to be successful.

As the researcher believes there is a likelihood of a correlation between certain factors influencing the customer's decision on which service and products to opt for, the researcher

utilised a deductive approach to test the theory. Using well-structured and self-developed questionnaires, the researcher aims to simultaneously build and test his theory (Saunders *et al.*, 2019).

When a hypothesis is developed from an existing theory, it is called a deductive approach. The research begins with a convincing social theory and then evaluates its implications with facts. Researchers would then progress from a broad level to a more detailed one. The technique to study that most people connect with scientific enquiry is deductive. The researcher looks at what others have done, reviews existing theories, and then tests the theories' hypotheses. The researcher takes a quantitative approach to the investigation.

To be in a position to make a well-informed decision about whether to opt for a quantitative, qualitative or mixed-method in nature, one needs to know exactly what each method entails. According to Faems (2020), quantitative data can be a valuable source of data to draw theoretical insights into emerging innovative experiences.

According to Barnham (2015), in any quantitative research project, the aim should be to establish a representation of what consumers do and think, trying to establish behavioural and mental facts. Quantitative research is known for having a strong intellectual platform, deriving developments from statistics to ensure that data is reliable and valid (Barnham, 2015).

Qualitative data, in most instances, consists in the form of pictures, words, and symbols. Through one-on-one interviews and focused discussions, the method aims to shed clarity on thoughts and opinions (Smythe & Giddings, 2007).

According to a well-known research institution, known as the Centre for Innovation in Research and Teaching (CIRT) (2014), it is stated that quantitative research methods are utilised to determine the correlation between variables. The main objective is to mathematically analyse and present the relationships using statistical analysis. Therefore, in most research problems, a quantitative approach solves scientific-related problems.

Deductive research is part of the positivistic research paradigm. It comprises the formation of research hypotheses based on existing literature, which is then verified using deductive reasoning in an empirical investigation (Saunders *et al.*, 2019).

Therefore, based on the above, it is clear that a deductive, quantitative research design is best suited for the research study to be conducted. This quantitative research study will consist of surveys, questionnaires, and numbers instead of heavily focussing on words. When answering unanswered questions, the results are often more accurate and meaningful when backed up by stats and numerical data.

The aim was to circulate 500-1000 or more questionnaires throughout South Africa. The questionnaire comprises no more than 30-40 multiple-choice questions, focusing on determining how much an organisation's reputation and trust impact the customer's loyalty and satisfaction.

Further to the above, the aim was to get 150-200 questionnaires completed by random individuals aged 18 years and older. The data were carefully analysed to determine findings that could result in conclusions, eventually answering the research questions posed.

1.9.2 Population and sample

An individual is considered to form part of the study population if they are over the age of 18 years with an active South African bank account. The person's bank account should also be their primary bank account, where their main income is received regularly.

Individuals completing the questionnaire may participate as an individual or as a business. Thus, geographically the population will be predominantly located in South Africa.

1.9.3 Data collection

Due to the research study being conducted during a global pandemic, the researcher decided to collect the data electronically. The data was gathered via questionnaires which were distributed using email and social media platforms.

All participants over 18 years were considered for this study. A smaller sample will not be drawn from the data as the entire population will form part of this study. The participants will not receive a specific due date or a fixed time frame in which they need to complete the questionnaire. However, the researcher will not receive any further responses from respondents until 30 August 2022.

The number of questionnaires to be distributed for this study is unknown, as the researcher's distribution method will include the network of the respondent to be allowed to distribute on their own accord. The researcher did, however, aimed to distribute more than 500 questionnaires personally.

The data were aimed at two groups of customers:

- Individuals (80%)
- Businesses (20%)

1.10 LIMITATIONS OF THE STUDY

According to Guterres (United Nations, 2020), COVID-19 is a once-in-a-lifetime event. Due to this once-in-a-lifetime pandemic, there are limitations such as personal contact. Therefore, the data-gathering process predominantly uses to distribute the questionnaires via online platforms. In this manner, physical human interaction is eliminated.

The researcher has no control over the honesty of his responses received by respondents. Banking could be sensitive, but this study does not measure financial metrics. Behavioural metrics (such as in this study) are less sensitive; hence the respondents is not expected to be dishonest.

It will still be up to respondents if they truly believe the researcher would handle the information and confidentiality behind the research study to such an extent that they are not unnecessarily exposed. However, statistical validation and testing the data for reliability to assist in cleaning the dataset could considerably enhance the data's value (Field & Field, 2018).

1.11 LAYOUT OF THE STUDY

The composition of this research study will follow the following structure: each chapter will include an introduction, body/background, and a conclusion at a minimum. **Chapters One, Two and Three** consist of more sub-sections. **Table 3** shows a detailed layout of the study and chapter headings.

Table 3: Layout of study

Chapter no.	Section Heading	Sub Sections
1	Nature and Scope of Study	<ul style="list-style-type: none"> • Introduction of the study • Background of the problem • Statement of the problem • Research objectives • Hypothesis • Importance and benefits of the proposed study • Delimitations and scope • Assumptions • Research methodology • Summary
2	Literature Review and Case Study of Luno	<ul style="list-style-type: none"> • Introduction • Body (background and statistics) • Future of Banking • Case Study • Summary
3	Research Findings	<ul style="list-style-type: none"> • Introduction • Research Methodology • Body (findings) • Summary

4	Conclusions, Discussion and Suggestions	<ul style="list-style-type: none"> • Introduction • Summary of Results • Conclusions • Recommendations • Limitations • Suggestions (potential future research) • Summary
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1.12 SUMMARY

This chapter (**Chapter One**) forms the introduction to the research study conducted. Readers are provided clarity by means of the background about the problem and how the research methodology is going to be followed throughout the study.

Chapter two deals with a literature study based on customer satisfaction and factors influencing decision-making within the banking sector. The chapter will include Luno, the chosen business for the case study. The chapter will also provide readers with an overview of Luno, and some interesting facts about the company's origin in 2013, where they are now in 2022, and where they are heading to in the future.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

The banking sector is one of the few sectors that has maintained strong and stable growth over recent years and during the pandemic currently faced globally (Mateev *et al.*, 2021:4-6). With the banking sector showing continued growth over recent years and during challenging times experienced through a combination of the pandemic and rising interest rates, certain primary factors have played a pivotal role.

It is of the utmost importance for each respective bank to determine the exact factors that will ultimately lead to a winning formula: to become and remain profitable, competitive, and continue to succeed in the competitive banking sector. Generating profits and staying profitable requires a sound knowledge of the target markets. Understanding the current and future customer needs per targeted segment will shed light on precisely what products and services are in demand; hence banks can target these needs specifically (Pfeffer & Jeffrey, 1998:295).

One competitive factor that plays a pivotal role in the corporate world is the perceived reputation of the organisation by its customers (Eccles, 2007). The banking sector is specifically prone to perceptions about its reputation, and a poor reputation can seriously damage a bank's competitive stance. Likewise, the inverse is also true. Well-known banks such as Discovery Bank, TymeBank, and Bank Zero are entering the market late and aim to portray a good reputation as part of their competitive weaponry. Banking leadership also plays an important role in reputation because of their direction and strategic thrust in the market.

Groenveldt (2019) states that banks can go a long way to manage and improve their reputations by enhancing the customer experience by providing excellent customer service, satisfaction and overall customer experience.

2.2 SERVICE QUALITY

2.2.1 Defining service quality

Parasuraman *et al.* (1985; 1988) developed a multi-dimensional measuring instrument called SERVQUAL to record consumers' service perceptions and expectations across five service quality dimensions. The original (Howards & Sheth, 1969:149) expectancy-disconfirmation paradigm, on which SERVQUAL is based, defines service quality as the degree to which consumers' pre-purchase expectations of quality are confirmed or disproved by their actual impressions of the service experience (Definitions Team, 2022).

SERVQUAL is used to determine both customer satisfaction and service quality. This SERVQUAL approach was proposed by American marketing gurus Valarie Zeithaml, Leonard Berry, and Parsu Parasuraman in 1985 to examine service quality dimensions by measuring the gap between expectations and perceptions (Parasuraman *et al.*, 1995). This complex approach aids in bridging the gap between client demands and expectations. Initially, ten dimensions were considered when measuring service quality. These were responsiveness, dependability, competence, access, courtesies, communication, trustworthiness, security, customer knowledge, and tangibles (Bhasin, 2021). The refined SERVQUAL model, however, uses five dimensions to measure service quality: tangibility, reliability, responsiveness, assurance and empathy (Parasuraman *et al.*, 1988; Bhasin, 2021).

2.2.2 Measuring service quality

The SERVQUAL model now deals with five components: reliability, assurance, tangibles, empathy, and responsiveness. All of these components were finally combined (Cuofano, 2022). As a result, the RATER model is another name for it and entails the following (Cuofano, 2022):

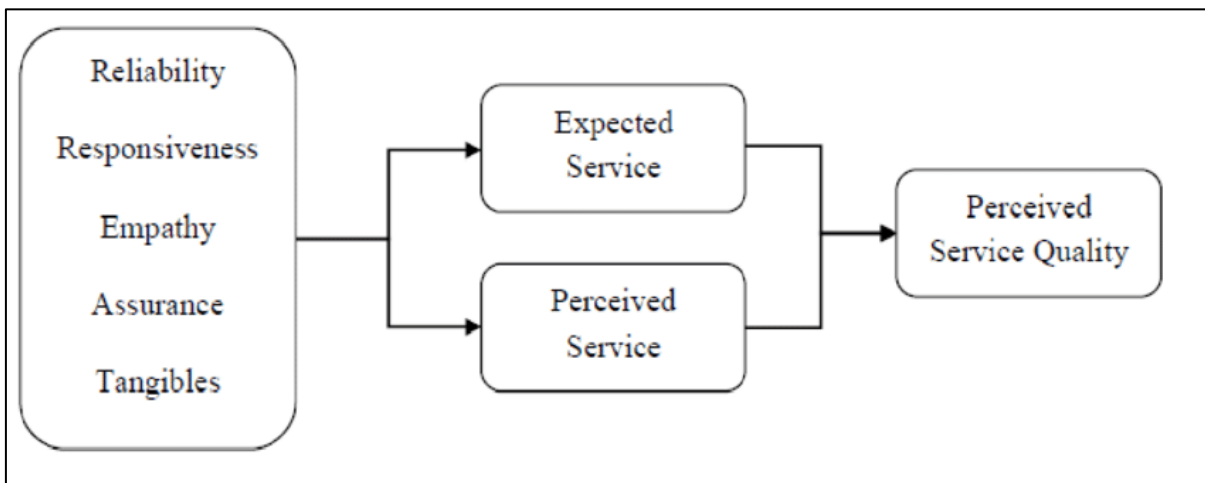
- **Reliability:** This refers to the company's capacity to deliver the service accurately and successfully. It assesses whether the business met its commitments or not.
- **Assurance:** The firm's personnel have an impact on this dimension. They are skilled at creating credibility and trust in the eyes of the customer. It necessitates expertise and commitment.

- **Tangibles:** Physical infrastructure, technology, personnel, and communication resources are all included in this dimension.
- **Empathy:** This dimension relates to how much consideration and importance the company accords to client demands and requests.
- **Responsiveness:** This factor deals with the company's capacity and motivation to assist clients and deliver on-target service.

These five dimensions assist a business in servicing its clients and fostering a good working relationship. The method undertaken by SERVQUAL to measure service quality entails a sample survey. The original SERVQUAL questionnaire had 22 questions. These questions were revised following the debate to consider customer feedback (Indeed Editorial Team, 2021).

At first, four service sectors (banking, credit cards, repairs and maintenance, and telephone companies) were examined. This SERVQUAL survey was divided into two sections: Before asking them about the service quality offered by particular businesses in the industry, respondents were first asked about their expectations of the ideal service firm in that service category (The Marketing Study Guide, 2022).

Table 4: SERVQUAL Model



Source: (Ghotbabadi, 2022)

2.2.3 Importance of service quality

When businesses are aware of their clients' patterns, it is okay. As a result, the SERVQUAL Model identifies five potential gaps between the client's needs and the assistance. These gaps are the Knowledge Gap, Standards Gap, Delivery Gap, Communications Gap, and Satisfaction Gap (Cuofano, 2022).

Concerning cost, profitability, customer retention, and satisfaction, SERVQUAL is still a vital component and is growing in importance as a research issue. SERVQUAL offers several benefits and is now a crucial component of customer monitoring. These include elements such as facilitating the evaluation of service quality and monitoring changes in client expectations and perceptions over time. Additionally, SERVQUAL permits comparison with rivals on comparable criteria. This aids the business in bridging the gap between perceived and desired service levels (Bhasin, 2021).

While not all businesses adopt this strategy, many do so in its simpler form, known as the RATER model. It not only helps a firm become more credible and perform better, but it also helps it keep ahead of the competition.

2.2.3.1 Standardised models

2.2.3.1.1 Customer Service Index (CSI)

In terms of product quality, customer service, price, and other factors, the CSI is a metric that measures total customer satisfaction with a business. Brand owners can use it to ascertain the causes of customers' pleasure and dissatisfaction (IP.1 Team, 2022).

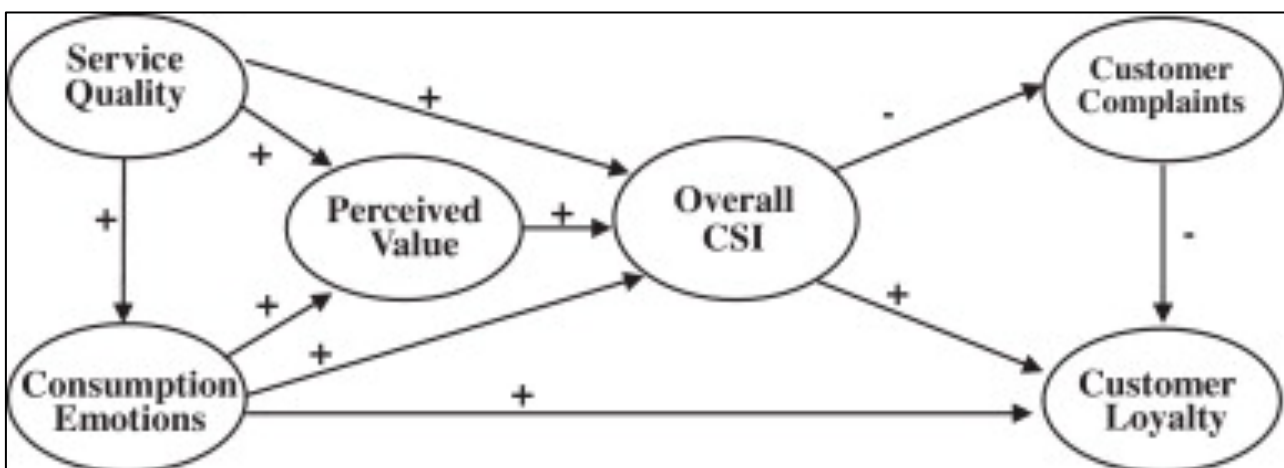
With the emergence of mass production, the idea of a customer satisfaction score (CSAT) first became popular. The unique client experience became considerably less important because of developments such as Henry Ford's production line that manufactured large numbers of automobiles. This dramatically reduced production costs and provided an alternative competitive advantage (price instead of service quality) (Smit, 2022).

Today, the pendulum has swung in the opposite direction. Customers differentiate based on how satisfied they are with the product or service they are receiving, despite mass production still being the norm. Customers are aware of the wealth of options at their disposal. The

American Customer Satisfaction Index (CSAT), created by the University of Michigan in 1994 also provided a basis for service quality competitiveness when it was developed (Smit, 2022).

All businesses should measure customer satisfaction and the dimensions that influence it. This data can be used to increase sales, retain customers, enhance the value and quality of offers, and assure more productive and cost-effective operations. Only happy customers frequently patronise their preferred brands and tell others about their pleasant experiences. One of the guarantors of client loyalty is a high degree of customer satisfaction. Customer loyalty and satisfaction statistics are required to determine customer segments (SendPulse Team, 2022).

Figure 5: CSI Model



Source: (Deng, 2013)

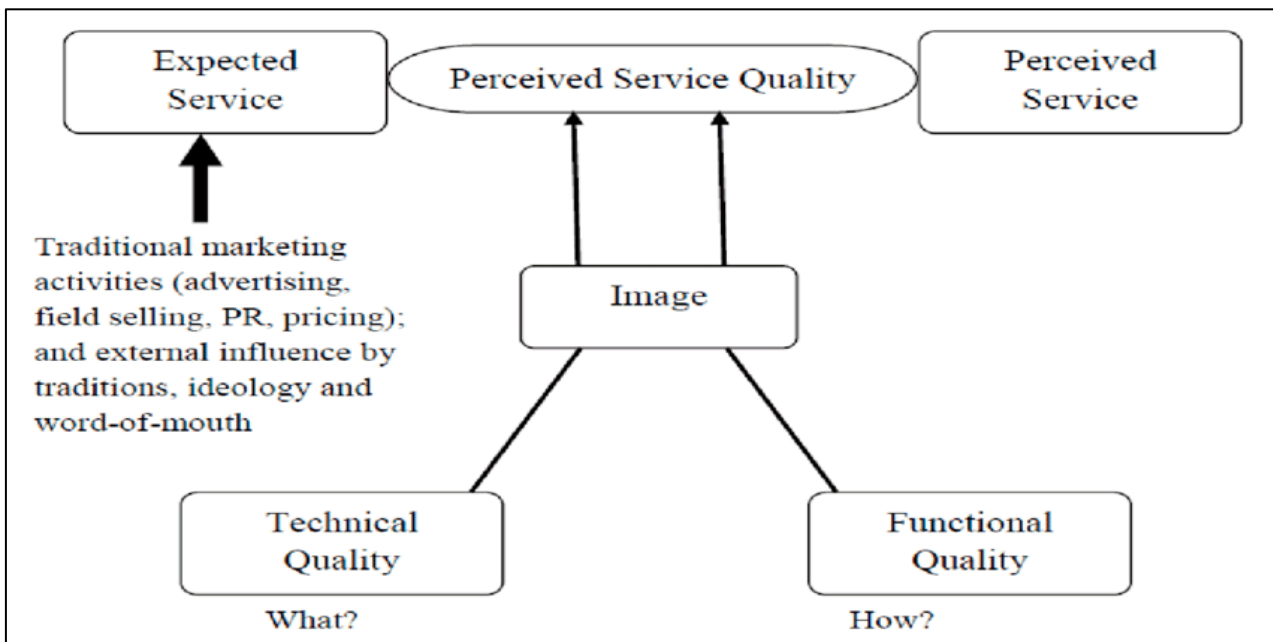
According to Huy *et al.* (2017), the approach creates a questionnaire tailored to each department using a collection of industry-specific questions. The Likert scale's mean values are then determined. As a result, each customization question is given a value. As a result, the CSI model further divides each criterion into three groups: Excellent service, Development service areas, and Unacceptable service. In businesses where customer service measures are repeated, advanced service level comparisons are made based on the effectiveness of the corrective actions taken and their performance and progress. The concept suggests calculating a set of gaps to assess progress. The model thus accounts for the dynamics of management in the company concerning providing excellent customer service (Huy *et al.*, 2017).

2.2.3.1.2 Grönroos Service Quality Model

According to Grönroos (1993), one of the widely used service quality models is the technical and functional quality model, which was initially developed by Gronroos (1983). In Grönroos' Perceived Service Quality model, experience is a by-product of a technical and functional quality filtered through the image. In contrast, expectations are a function of market communications, image, word of mouth, consumer demands, and learning.

Although there is no mention of "delighting", Grönroos more obviously illustrates the existence of a perception gap. The model, however, has more concrete applicability because it shows the variables contributing to each side of the gap. It proves that the provider has the power to narrow the gap on both ends, most notably by controlling customer expectations. Additionally, it shows that customer satisfaction is a function of both supplier quality's reputation and actual performance. Clearly, the perception gap is influenced by marketing, processes, and technical quality (Hamid, 2016).

Figure 6: Grönroos Service Quality Model



Source: (Ghotbabadi, Research Gate, 2015)

According to Hanzaee (2011), service quality is a critical indicator of organisational performance. It continues to be the key topic in the literature on marketing in general and service marketing in particular. In the typical banking service setting, the relationship

between service quality and satisfaction has been thoroughly studied conceptually and experimentally over the past few years. It is necessary for developing and keeping a satisfying relationship with clients - positive effects of service quality on customer satisfaction and, in turn, business performance.

2.2.3.1.3 Competitive Customer Service Index (CCSI)

The researchers Nel and Bergh (1998) created the Competitive Customer Service Index, or CCSI, for BMW South Africa and implemented use in 1996. In real life, the model is referred to as the "Breakthrough Service Model." This model benchmarks its performance against the service levels of rival dealers. This allows for identifying the rivals' strong and weak service delivery areas and developing essential service strategies.

2.2.3.1.4 Transport Layer Security (TLS)

TLS is a widely used security protocol that enables privacy and data security for Internet connections - e-encrypting communication between web applications and servers, such as when web browsers load a website, is one of the main applications of TLS. TLS can also encrypt other types of communications, including voice over IP, email, and messaging (VoIP) (Cloudflare Team, 2022).

The Internet Engineering Task Force (IETF), a global standards body, proposed TLS, and the protocol's initial version was released in 1999. TLS 1.3, released in 2018, is the most recent version. The TLS protocol achieves its goals primarily through encryption, authentication, and integrity. Data transfer is protected from third parties by encryption. Authentication is the process of confirming the identity of the persons sharing information. Integrity: demonstrates that the data hasn't been altered or falsified (Cloudflare Team, 2022).

The TLS handshake is the sequence used to start a TLS connection. The TLS handshake between the user's device (sometimes referred to as the client device) and the web server begins when a user navigates to a website that employs TLS. The user's device and the web server: during the TLS handshake. Tell them which TLS version to use. Select the cypher suites they'll employ. Utilize the server's TLS certificate to verify the server's identity. After the handshake is finished, create session keys for encrypting messages between them (IBM Team, 2022).

A cypher suite is established for each communication session during the TLS handshake. The shared encryption keys or session keys used for that specific session are among the details defined by the cypher suite, a collection of algorithms. TLS uses public key cryptography to establish the matching session keys over an unencrypted channel (IBM Team, 2022).

2.3 CUSTOMER SATISFACTION

Otto *et al.* (2020) mention that, for many years, customer satisfaction management was a core strategic initiative to ensure maximum customer satisfaction. However, doing business, especially banking, is vastly different today than a few years ago, and banking will continue to evolve as the sector becomes more innovative every day. Covid also contributed, and the last two years have seen strong growth in virtual banking and changing layouts of branches. In Europe, a survey conducted within the banking sector indicated that almost 60% of staff would not return to offices or branches, but instead work remotely. The office space remaining available to employees will be reduced and become open-plan offices (Resti, 2021).

The introduction of online banking dates back to the 1980s in its earliest versions, is only took off with the arrival of the Internet in the mid-1990s. This has been the most significant advancement in the world of banking since 20th century. The shift in banking behaviour was accelerated by the increasing popularity of smartphones and its mobile banking apps. In 2021, a survey by J.D. Power indicated that 41% of clients have switched to digital-only banking, with fewer customers conducting a portion of their business at traditional brick-and-mortar banks (Beattie, 2021).

Attributed to the COVID-19 crisis, banks and their clients have been compelled to make up for branch, office, and call centre closures by using digital tools and procedures (Bellens, 2022). According to analysts, the pandemic may accelerate the current trend of branch closures. According to S&P Global Market Intelligence data, fewer U.S. bank branches were closed in the first half of 2020 compared to the same period in 2019. Rob Aulebach, a former executive in charge of retail distribution at Bank of America, estimates that up to 30% of the branches that were closed due to COVID-19 might never reopen (Seay, 2020).

BankservAfrica is already working on a Rapid Payments Programme, which will allow even those without bank accounts to pay individuals or businesses using their mobile phones in South Africa. They aim to simplify the payment process and move away from cash transactions by using convenient apps such as Facebook, WhatsApp or other fintech-developed applications allowing digital transactions (Jones, 2022).

New risks are rising, digital transformation is intensifying, and banking structures and reputations are being tested. Banks are under additional pressure due to the COVID-19 situation to strengthen their technical capabilities when exposed more to cyberattacks and consumer credit issues (Bellens, 2022).

However, customer satisfaction will remain relevant and important (Otto *et al.*, 2020:560). As such, satisfaction will continue to contribute to the bank's reputation. This means that customer satisfaction will remain a central competitive thrust in strategic planning and decision-making procedures in any bank guarding its reputation (Khan *et al.*, 2020).

According to research by Muslim *et al.* (2013), customer satisfaction has a strong relationship with brand image, while the image has a strong relationship with Trust, which is key to developing customer loyalty. This research not only confirms the importance of satisfaction but also focuses on the various antecedents of satisfaction. In support, Landis (2021) adds that retaining existing customers is far cheaper and easier than finding new ones and winning them over from competitors. Therefore, managing all areas to ensure maximum customer satisfaction among the bank's current and future customers is imperative to maintain market share in the highly competitive banking sector.

In practice, these research findings explain why many banks started building rewards programs around their customers. They use their rewards programs to satisfy existing customers and attract new ones. For example, First National Bank (FNB), uses its eBucks rewards program to leverage their network organisations through partnerships and give back to their customers. Ultimately, FNB would guide their customers in the manner they would prefer to transact and behave by rewarding them accordingly (Business Day Team, 2022).

Banking is an essential service to most South Africans. The aim of any bank would ultimately be to possess the biggest market share. Resultantly banks target the market wholistically in their strategic planning. However, only when the specific products and services are narrowed down to a segmented target market, focused market segmentation, and targeting come into play (Caldwell & Anderson, 2017).

Bank markets are, therefore, twofold. On the one hand, the generalised essential services (that all banks offer on a limited differential scale) are offered to the general customer base. On the other hand, specific market segments are targeted with tailor-made products and services using highly differentiated offerings. However, senior management should ask what is required to obtain (and maintain) a competitive edge in a highly competitive market when the economy is struggling.

Many banks use customer satisfaction measurements to measure and manage their satisfaction levels. Ultimately, one key anchor in such economic conditions is the bank's reputation as perceived by its current and future customers. Therefore, ensuring the organisation's reputation remains intact and protected should always be part of the strategy.

Customer satisfaction management is a sound competitive strategy because there is a strong correlation between customer satisfaction, retaining customers and profitability (Hill & Alexander, 2006). In addition, there is a high probability that customers will become more loyal to their banks if they are satisfied with the service quality (Qasem & Alhakimi, 2019).

Further to the above, it is of utmost importance that banks ensure they strive to keep their customers satisfied, putting them at the centre of all their decisions (Parniangtong, 2017). This would lead to stability amongst current and non-banked customers looking to transfer, ultimately growing the customer base and greater sustainable profits year on year.

According to Shelby (2000), any organisation's primary goal is to maximise profits and shareholder wealth. Even non-profit organisations require at least a break-even bottom line to remain sustainable and continue their charity, conservation or other good deeds (Barr, 2012).

When allowing customer centricity to be a pivotal focus point in organisations, it will also allow for new and innovative ideas to come to the forefront producing new products and services and leading to higher profit margins (Valls, 2018).

According to Titko and Lace (2010), in their survey of 238 banking customers, found that the top three factors affecting a customer's decision to discontinue their relationships with a bank are:


- Increased service fees (26.9%)
- Poor customer service (19.3%)
- Frequently errors made by employees (18.9%)

The remaining customers discontinued their banking relationships (34.9%) because of a combination of 1) Getting an attractive offer from a competitor, 2) Long queues, 3) The bank's adverse media exposure, and 4) Closing of conveniently located bank branches (Titko and Lace (2010).

Principato (2021) found in their study that two other factors, Service cost and Data protection, are also of significant importance to the loyalty of banking customers. The global economy has entered a technical recession because of the ongoing pandemic, rising interest rates, and a war between Russia and Ukraine in Europe. This could amplify why customers deem these Service costs and Data protection to be significant factors during a financial crisis (Principato, Morning Consult, 2021).

A study comparing the different generations of banking customers support the findings by Principato (2021), indicating that the protection of data and prices and fees are the two key considerations. Interestingly, this holds true for all four generations (see Figure 7).

Figure 7: Why customers switch banks

	Less important  More important			
	Gen Z	Millennials	Gen X	Baby boomers
Protection of customers' data	428	300	386	453
Prices and fees	214	243	291	327
Online banking capabilities	170	192	178	168
Mobile banking capabilities	165	170	149	115
Value for my money	142	135	156	133
Convenience of branch location	87	108	124	172
Customer service experience	94	96	96	101*
Straightforward pricing and practices	96	96	106	94
Wide range of products, accounts, or services	65	73	70	76
Products offered that other banks or credit unions say I am not eligible for	70	99	63	40
Services that are personalized to me	66	60	48	42
Special offer for joining	44	63	54	36
My relationship with employee(s) at my current bank or credit union	41	52	38	40
Cutting edge products, accounts, or services	50	45	42	33
Ease of switching	28	37	27	19
Recommendation from someone I trust	40	33	20	16
Shares my values	41	34	18	15
Takes a stance on a social cause I agree with	30	34	13	9
Impact on local community	30	28	19	10

Source: (Principato, Finance, 2021)

Figure 8: Customer engagement cycle



Figure 8 shows that customer satisfaction results from the measured difference between the customers' expectations and actual experiences when they buy banking products and services (Parasuraman *et al.*, 1988). These authors developed their seminal SEVQUAL model that measures customer satisfaction across five service dimensions: tangibility, reliability, assurance, responsiveness and empathy. In addition, recent research also found significant relationships between the level of employee competency, empathy, and emotional intelligence. Customers also expect little to no operational errors for the service they pay for when they use them (Adaptive Solutions and Advisory Group Team, 2022).

In the digitised banking environment, research by the *Chief Information Officer Team (CIO)* "...oversees the people, processes and technologies within a company's IT organisation to ensure they deliver outcomes that support the business's goals". The CIO Index (in consultation with more than 73,000 members) categorised six important reasons for customer satisfaction which businesses should incorporate at all times to ensure high customer satisfaction levels (Cio Index Team, 2022). The six reasons are:

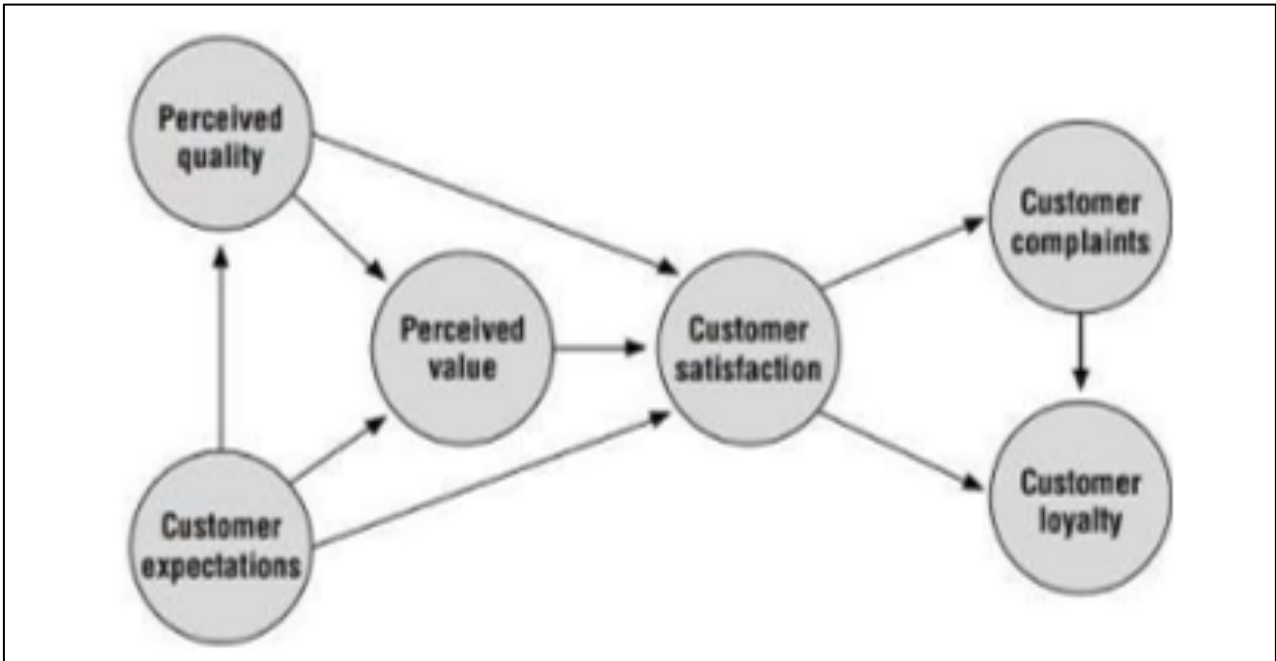
1. **Leading indication of customer loyalty and repurchase intentions:** The most accurate predictor of a customer's propensity to make another purchase is their level of satisfaction.
2. **Differentiation point:** Customer satisfaction is considered a critical distinction in a market where businesses compete for customers. Banks that prioritise customer

happiness as a critical component of their business strategy are those that prosper in highly competitive situations.

3. **Decreases bad word of mouth:** According to Morrow (2020), the dissatisfied client could tell up to 15 people about their bad experience. Dissatisfied customers share their bad experiences with up to 20 people about how dissatisfied they are (Morrow, 2020). These detrimental effects of client (dis)satisfaction on your organisation is frequently overlooked. There is also a significant difference between losing a customer because of dissatisfaction and losing them as a result of negative publicity. Customer satisfaction must be continuously measured if a bank wants to stop negative word of mouth from spreading.
4. **Decreasing customer churn:** According to a survey by Accenture on global customer satisfaction, poor customer service is the real cause of client attrition rather than high prices. The metric banks may use to lower client churn is customer satisfaction. Banks can improve the overall standard of customer service by implementing new procedures after measuring and tracking client satisfaction. It is advised to focus consistently exceeding customer expectations and "wowing" clients (Kumar, 2019).
5. **Increases the lifetime value of a consumer:** InfoQuest (2020) study found that a perfectly satisfied client generates 2.6 times more revenue than a somewhat satisfied consumer within the leisure and entertainment industry. A "completely satisfied customer" generates 14 times more money than a "slightly unsatisfied customer," according to research (Frichou, 2020). Customer satisfaction, as such, greatly impacts how much money customers spend on banking products and services, or invest in the bank. Successful banks, therefore, recognise the value of customer lifetime value (CLV); the returns on your marketing investment rise if you raise CLV (Mishra, 2020).
6. **Keeping clients is less expensive than getting new ones:** Perhaps the most widely reported customer satisfaction figure is this one. Some researchers found that getting new clients could be up to six or seven times more costly than keeping the ones you already have (Silver, 2019). Recruiting new customers is an expensive endeavour. The marketing staff and invest thousands of dollars in attracting prospects' attention, developing them into leads, and closing them into customers (Silver, 2019). It just makes logical business sense for a bank to retain customers, yet many banks make minimal or no investments in client retention.

The CIO Team summarised their findings in a model (see figure 9).

Figure 9: Customer satisfaction model



Source: (Cio Index Team, 2022)

From the theory, the following hypothesis is formulated:

H₂: There is a significant positive relationship between Customer satisfaction and Brand loyalty.

2.4 CUSTOMER TRUST

Cambridge Dictionary (2022) defines Trust as: “To believe that someone is good and honest and will not harm you, or that something is safe and reliable.” (Cambridge Dictionary, 2022).

According to Parker (2019), trustworthiness can be defined accordingly: “People in your organisation behave ethically because it's the right thing to do, not because it will make people trust them again. Again, a reputation for trustworthiness is not something you can just anoint yourself with.”

Trust is the cornerstone for the success of a bank. Trust is one of the driving factors in increasing loyalty and directly influences the bank's bottom line. Customers must trust their financial provider to provide them with the products and services they need (Moneythor, 2021). In their research, Ebstein *et al.* (2016) established that if a bank is fully transparent about its pricing and fee structures, higher levels of customer satisfaction, increased customer retention, stronger word of mouth and even more opportunities to cross-sell or upsell.

According to Schmid (2020), Trust is the 2nd most important factor considered by banking customers after "convenience". Some customers even considered Trust to be more important than price and fees. The banking sector benefits greatly from this willingness to share value reciprocally because it allows banks to leverage digital demographics, develop new revenue streams, and enhance customer service. However, Trust is also easily broken. If a bank loses customers' Trust, the bank risk losing the customers. T (Mcintyre, 2019). Interestingly, a study on bank clients indicated that the top three factors that influence decision-making on financial products and services are Convenience (47%), Trust (45%) and Pricing (43%) (Schmid, 2020).

Trust is also crucial in customer-bank interactions. Trusting clients engage more easily in banking transactions, especially regarding adding-on products and services. A bank client trusting his bank will more readily accept an insurance quote, open a retirement bond, or engage in a mortgage than clients who do not have such a high level of Trust in the specific bank. Customers with a high level of Trust in the bank are assured that it is looking out for their best interests. A high level of Trust can, in certain ways, act as a safeguard against customers' potentially bad experiences. Developing credibility is also important since customers who trust their bank would buy more from them (Schmid, 2020).

The same principle applies to customers who have been with a specific bank for a long time. The cycle of customers having faith in their financial service provider, the more likely they are to sign up for additional products (Schmid, 2020).

Research conducted by (Esterik-Plasmeijer, 2017) identifies five determinants that play an instrumental role when it comes to trust in banking. These factors include customer orientation, competence, transparency, integrity, and shared values. Customers Trust their

banks to such an extent that they are willing to allow the banks full custody of their total life savings and hard-earned monies. Therefore, Trust is central to establishing a strong relationship between the customer and the bank. Customers expect their banks to constantly do “the right thing”, even if they are not there in person. Trust also applies to sensitive customer data and personal information, and not only to the customer’s funds. (Heuerman, 2017). A bank faces real financial risks when customers lose Trust.

Specifically, the “cash-grab” effect of bank clients rushing in and withdrawing their funds when they lose Trust in a bank has caused many banks to fail because of illiquidity issues. The demise of Saambou Bank serves here as an example. Clients lost Trust and rushed to withdraw money due to negative media coverage (lost reputation). As a result, Saambou could not honour its short-term obligations and experienced cash-flow problems even though Saambou Bank was financially sound. Finally, the South African Registrar of Banks placed Saambou under curatorship; this was the beginning of the end for Saambou (Steyn *et al.*, 2003). An Accenture analysis conducted in 2018 on 900 organisations found that between 2016 and 2018, companies lost \$180 billion in revenue because of a decline in Trust (Long, 2018). Even in an increasingly data-driven economy, the customers' continued Trust in their bank to preserve their funds and data is a significant competitive advantage (Mcintyre, 2019).

According to Sheikh *et al.* (2021), a primary factor that plays a significant role in customer retention is customer trust in their service providers. Sheikh *et al.* (2021) further highlight how strong trust by customers for a certain brand can lead to loyalty over time. Depending on the sector you would be operating within, there would be different levels of trust, and the level of importance trust plays for a customer. For example, Trust would be of utmost importance when the customer needs to decide on which hospital to attend within the health sector, compared to when a customer needs to determine which clothing outlet to visit in the retail sector (Sheikh *et al.*, 2021). Benamati and Serva (2007) indicate that the same principle applies to the banking sector, where high levels of trust are required between customers and their banks. Banks expect their customers to voluntarily hand over large amounts of cash, having full faith that the banks will safeguard their hard-earned monies and, to a small extent, pay the customer a percentage returns for the privilege of doing so.

A decade of developments and advancements focussing primarily on trust has put the banks in the spotlight. As trust in certain banks has deteriorated in recent years, it has been identified as one of the main reasons for their respective downfalls (Larsen, 2018)

The velocity at which the banking sector has evolved and how heavily they rely on technology does not make it any easier for banks to gain their customer's Trust compared to many years ago. Nowadays, banks have opted to scale down on the availability of physical interaction via their branches and instead offer their customers a 24/7 online service via a call centre. For many people who are not that familiar with technology, this can become a daunting and risky task, resulting in increased fraud-related cases and people losing their hard-earned monies during a time financial difficulty is being experienced globally by people (Benamati & Serva, 2007). Nedbank is a prime example of a bank that has embraced the challenges of COVID-19 and turned them into an excellent opportunity to transform. Nedbank's new and transformed approach includes greater convenience, human-computer tag teams, and fast-tracked digitation (Nedbank Staff, 2021).

Jayathilaka (2020) utilised the below repurchasing model to determine which factors will influence the customer's level of repurchasing intention directly and indirectly.

Figure 10: Trust and antecedent of online repurchase intention



Source: (Jayathilaka, 2020)

Banks strategically aim to Build consumer loyalty and customer trust plays a crucial role. Jayathilaka's (2020) model shows that trust, security, user-friendly, and privacy all have a direct influence indirectly influence the customers' intentions to continue to use and even repurchase from their bank; this means that they will remain loyal to their bank. Likewise, satisfied customers are easy to be retained and convinced to remain loyal, hence, to repurchase and further strengthen their ties with their bank. The inverse is also true, ; unsatisfied customers would become disloyal and seek satisfaction with from your competitors. Therefore, building trust to ensure loyalty must be a top priority for banks (Mende *et al.*, 2013:126-127).

The following hypothesis is formulated from the theory:

H₆: There is a significant positive relationship between Trust and Brand loyalty.

2.5 BRAND IMAGE

The customers' view of the brand based on their interactions and experiences with it or their assumptions about what the brand could be is a straightforward definition of brand image. Diverse clients may have different perceptions of the same brand. Therefore, each organisation faces a significant challenge in creating a consistent brand image (Pahwa, 2022).

Every company aspires to establish a solid reputation since it supports its corporate goals.

The following are the benefits of having a good brand image (Pahwa, 2022):

- More earnings as more people get familiar with the brand
- New items under the same brand are simple to introduce
- Increases the trust of current clients. aids in keeping them
- Improved customer-business relationships

A corporation with a negative reputation may find it difficult to run and may not be able to launch a new product under the same brand (Kristiani, 2022).

The benefits of a brand image may include the following (Kristiani, 2022):

- A differentiating feature that helps you stand out from the competitors
- A market segment with a distinct subcategory

- Gaining new clients is simple
- Price increases for goods are conceivable

The importance of a brand for a business and why it is so critical (Thimothy, 2016) is embedded in a consumer's decision to buy the goods because they are significantly influenced by their initial impression of a brand. Brands with a good reputation enjoy higher levels of trust. Naturally, this leads to satisfied consumers telling others in their immediate area about the business. Likewise, this makes it possible for more potential clients to use the product. Additionally, a strong brand image may enhance the relationship between the company and its clients. Naturally, you will only invest in and use goods that you consider to be high-quality and satisfy your needs (Thimothy, 2016).

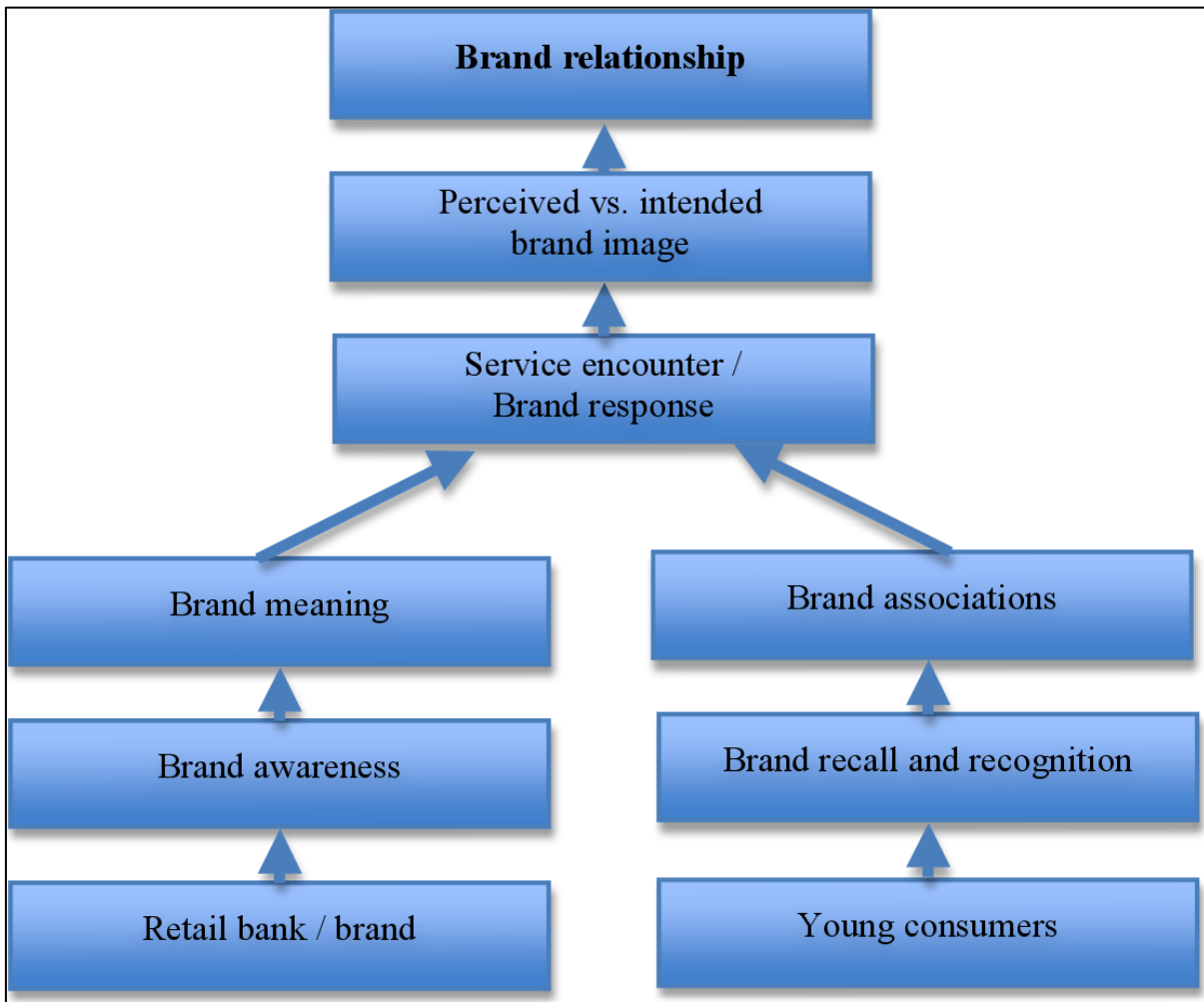
There are several affordable strategies to expand your business. The six most economical techniques to raise brand awareness without going over budget are listed below (Kajabi Team, 2022):

- Develop your distinctive brand voice
- Get to know your target market
- Establish a consistent social media presence
- Start a blog, and keep it updated
- Commit yourself to providing excellent customer service, and
- Collaborate with other knowledgeable commerce professionals.

Implementing a brand-awareness plan can accelerate your growth and make managing your reputation simpler. Some methods utilised may include (Kajabi Team, 2022):

- Start a referral programme
- Surround yourself with influential individuals you respect
- Pay attention to content marketing
- Try remarketing campaigns, and
- Share your brand's narrative

Figure 11: Brand image in retail banking



Source: (Kalliala, 2012)

Recognition for your brand will increase after it is established, clear to all parties engaged in your organisation, and constantly communicated. A strong brand will make the public perceive your company as dependable, knowledgeable, and customer-focused. Brand loyalty will emerge as a result of a flourishing favourable brand image in the minds of your ideal market (Cummings, 2020).

Consumers frequently prefer one good or service over another because of brand loyalty, which makes your company their first option. The lifetime value of loyal consumers is far larger than that of dissatisfied ones, and maintaining existing customers always costs less than gaining new ones. Any small business should aim to build brand-loyal clients, primarily when operating on tight budgets where every penny matters (Moore, 2022).

The theory supports the formulation of the following hypothesis:

H_5 : There is a significant positive relationship between *Brand image* and *Brand loyalty*.

2.6 REPUTATION

Reputation has always been important in business. In 1775, Benjamin Franklin, while drafting the American Declaration of Independence, proclaimed, "*It takes many good deeds to build a good reputation, and only one bad one to lose it*" (BrainyQuotes, 2022). This is still true. The 2019 Retail Banking Reputation Report (Dorfman, 2019) states in modern support of Franklin that 86% of banking customers read online reviews, and 57% thereof will not do business with a bank rating below four out of five stars (thus a satisfaction level of 80%). The report also states that 92% of customers trust online reviews (Dorfman, 2019).

Recent definitions of business reputation include:

The business reputation is made up of what others think and feel about your business, based on their experience with your business, what they've heard about your business, and the facts they've gathered about your business—true or not

(Buxton, 2022).

Reputation is the subjective qualitative belief a person has regarding a brand, person, company, product, or service

(Threlfall, 2022).

Noteworthy from these definitions are that reputation is based on a customer's perceptions; albeit substantiated by experience, word-of-mouth and feelings, reputation remains a perception. Therefore, managing reputation and its associated risks is of utmost importance. Strongly reputable businesses draw higher-quality customers. They can often charge more since they are perceived to offer better value. Their customers are more devoted and purchase a broader range of products and services (Caramela, 2022). These businesses have better price-earnings multiples, market values, and lower capital costs because the market expects them to provide sustained earnings and future growth. Organisations are particularly vulnerable to anything that harms their reputations in an economy where 70% to 80% of market value originates from difficult-to-assess intangible assets like brand equity, intellectual capital, and goodwill (Eccles, 2007).

However, many companies fail because they inadequately address the risks posed to their reputation. Some risks may include (but not limited to) regulatory penalties, a drop in the quality of products and services and poor workplace conduct (Glossop, 2021). Typically, managers direct most of their available resources to focus on existing threats and engage in crisis management (Eccles, 2012). However, prevention is better than cure because it is less costly and damaging to the organisation's reputation.

The World PR Report's (2020) most prominent finding was that reputation is a core mission element of many organisations and is one of their most prized assets. Maintaining and establishing a brand reputation goes hand in hand with brand awareness. Resultantly, established organisations are advantaged because they have higher brand awareness levels than recently established organisations (Blanchard, 2019).

A company's history and reputation also influence customers' perceptions of the company and their eagerness to participate in the brand culture. Therefore, as brands evolve, active brand management should incorporate social responsibility, historical identity of the brand (and organisation), longevity, representation, brand leadership or stewardship, the value proposition offered by the brand, consistency, Trust, brand authenticity, and the brand legacy (Rindell, 2021:545-546).

Brand reputation is a valuable competitive advantage. A strong positive brand reputation cannot be duplicated or copied by competitors; hence the notion to regard reputation as a prized organisation asset (The World PR Report, 2020).

Based on the above, the following hypothesis is formulated:

H_4 : There is a significant positive relationship between *Reputation* and *Brand loyalty*.

2.6.1 Word of Mouth (WOM)

According to the Cambridge Dictionary (2022), *“the process of telling people you know about a particular product or service, usually because you think it is good and want to encourage them to try it.”*

When a consumer's interest in a company's product or service is reflected in their regular conversations, this is called word-of-mouth marketing (or WOM marketing). Essentially, it is free promotion brought on by consumer experiences, which are typically above and beyond expectations. Through various publicity initiatives put up by businesses or by providing possibilities to promote consumer-to-consumer and consumer-to-marketer communications, word-of-mouth marketing can be promoted. Buzz, viral, blog, emotive, and social media marketing are all examples of WOM marketing, also known as "word-of-mouth advertising" (Hayes, Investopedia, 2022).

WOM marketing is based on first-person stories of a customer's interaction with a company. Since customers are not compensated for their reviews, first-hand reports are more trustworthy than traditional marketing. For this reason, businesses leverage gratifying customer reviews to draw in new clients. Negative evaluations, on the other hand, have the opposite effect, decreasing trust and influencing sales. Here are a few ways WOM can harm the outcomes of all other marketing initiatives (Kavanagh, 2018).

Negative WOM damages a brand's reputation as well. Additionally, it hurts a company's financial line. The study found that poor evaluations influenced participants to forego making the purchase (Doctor Genius Team, 2020).

Positive WOM by customers will naturally generate more business without incurring marketing costs. It will also add to the company's customer base growth in a significant manner as customer acquisition cost is little to none in these instances (Hayes, Investopedia, 2022).

The most successful companies have many customers who not only like them but truly love them when you think about the route brands follow on the road to success. However, it's not the success of a brand that motivates these consumers to support it. Often the most successful companies have reached their milestones due to a passionate customer base

and the brand itself. Loyal consumers and brands form a brand community. "*Customers who are invested in a brand beyond what is offered collectively form a brand community. These consumers desire to join the brand itself*" (Peckover, 2019).

Word-of-mouth marketing (WOM marketing) occurs when customers highly recommend a brand's goods or services to their friends, relatives, and other people they value. Buzz, blogs, and social media marketing are just a few examples of the several marketing strategies used in WOM marketing (Big Commerce, 2022). WOM comes from two main places. First, personal sources like friends, family, colleagues, and professionals. Second, impersonal sources, such as news, articles, opinions, and reviews available in broadcast media, specialist magazines, print media, or internet discussion forums (Huete-Alcocer, 2017). The literature of Almosawi (2015:125) also shows that Trust and experience play a major role in how successful WOM is in these two sources. In other words, the degree of Trust a WOM recipient has in the WOM sender determines the effectiveness of WOM. If the level of Trust is high for the receiver regarding the sender, the more impactful WOM will become.

How familiar the source of the WOM is with the product being promoted also affects the power of WOM. The consumer would be more influenced by personal sources who have utilised the product and impersonal ones who are more knowledgeable about it. The impact and influence will be greater on the consumer's decision-making process if the sender's experience comes from a personal perspective or impersonal sources considered specialised (Almosawi, 2015:125).

According to Dhillon (2013:64), industry experts in marketing argue that positive WOM is not only one of the oldest means of marketing but also one of the most powerful, especially if the provider is familiarised with the product or service and trusted. Research also reveals that the effectiveness of WOM can be more influential in the customer's decision-making process when compared to advertising or direct sales (Almosawi, 2015:123).

One of the service industries that researchers directed a lot of attention to is the banking sector. Dhillon (2013) found that WOM impacts most financial institutions in India as their customers predominantly consider WOM one of the most effective means of communication to expand their customer base and retain existing customers.

Research by Almosawi (2015:124-125), revealed that corporate image, relationship marketing, perceived value, satisfaction, loyalty, personal efficiency, and price satisfaction are all considered significant determinant factors of positive WOM. Institutions in the USA reported that the marketing teams within banking are putting extra effort, focus and dedicating resources to ensure customer satisfaction is at its highest. The latter is due to the belief that positive WOM by customers will result in additional purchases of financial products and services and referrals of non-existing customers (Almosawi, 2015:124-125).

According to Chu (2021), consumer information sharing and exchange about a brand or organisation over the Internet, social media, and mobile communication is known as electronic word-of-mouth (eWOM). Because it is simple for customers to start dialogues online, eWOM has been shown to increase retransmission intentions.

Additionally, it makes it possible for the information to spread fast and widely. Academic studies on eWOM have been published in fields like advertising, marketing, communication, management, and electronic commerce due to the influence of eWOM on customer behaviour. "Any good or negative statement made by potential, actual, or past customers about a product or firm, which is made available to a multitude of individuals and institutions over the Internet" is the definition of online or electronic word-of-mouth (eWOM) (Contreras, 2015).

One of the more thorough definitions of eWOM is "*all informal Internet communication directed at consumers that deals with the use or qualities of products or services, or the providers of such products.*" The benefit of this technology is that it is accessible to all customers, who may utilise online forums to interact with other users and express their thoughts and feedback. Previously, consumers relied on friends' word of mouth (Huete-Alcocer, 2017).

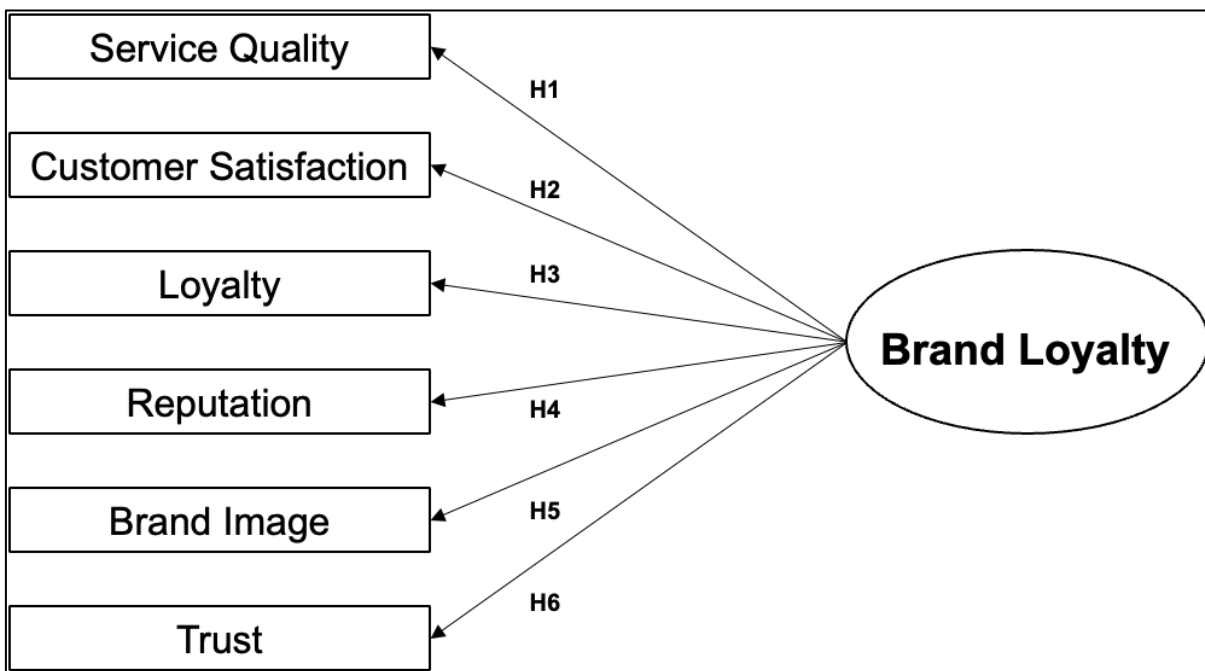
Banks are predominantly already customers focussed and their digital apps combined with 24/7 online services tailored to the customers' needs, offer them a form of competitive advantage. According to Earnix Team (2022), banks already have a high level (95% of customers) of Trust from their customers due to their role.

In conclusion, not every referral for your business will come from a customer. They need to be aware of, comfortable with, and confident in your company. If they do, their communities will catch the enthusiasm. Being the embodiment of excellent customer service is the key to creating a solid base of happy and loyal clients. Respect your clients since they know they may do business anywhere (Smith, 2022).

2.7 CUSTOMER LOYALTY

The customer loyalty theory is based on Khokhar’s (2019) adapted model. The original model did not use *reputation* as a mediator between trust and satisfaction variables. However, as suggested by the Rodller Team (2021), the role of reputation also needs to be investigated in customer loyalty. The adapted model appears in Figure 12.

Figure 12: Factors affecting customer loyalty in the banking sector



Source: (Khokhar, 2019)

Emanating from the literature study, as summarised in the figure above, the following hypotheses apply to the model to measure and manage brand loyalty:

H_0 : There are no significant positive relationships between the *Antecedents* and *Brand loyalty*.

H_1 : There is a significant positive relationship between *Service quality* and *Brand loyalty*.

H_2 : There is a significant positive relationship between *Customer satisfaction* and *Brand loyalty*.

H_3 : There is a significant positive relationship between *Loyalty* and *Brand loyalty*.

H_4 : There is a significant positive relationship between *Reputation* and *Brand loyalty*.

H_5 : There is a significant positive relationship between *Brand image* and *Brand loyalty*.

H_6 : There is a significant positive relationship between *Trust* and *Brand loyalty*.

The discussion on the adapted model's antecedents and hypotheses follows.

The Oxford Dictionary (2022) defines loyalty as “*the quality of being faithful in your support of someone or something.*”

According to research conducted by Mjaku (2020), customer loyalty refers how a customer acts and thinks to limit their level of product or service satisfaction. Gaining a competitive edge can be done formally by maintaining customer loyalty under a challenging and dynamic opportunity among businesses. Customer loyalty is challenging to quantify. There are generally three distinct methods to gauge loyalty: three types of measurements: behavioural, attitudinal, and composite. Banks are seeking strategies to cultivate loyal consumers since they make profitable customers. Therefore, boosting bank customers' satisfaction and Trust might increase customer loyalty to banks (Mjaku, 2020).

Izraylevych (2021) has listed a total of eight methods and means to increase customer loyalty in banking:

- Know your audience (customers)
- Digital adoption
- Create a user-friendly experience
- Adopt mobile (virtual) wallets for the management of customer loyalty
- Personalise the adopted digital experience
- Collaborate with the youth (Gen Z)
- Customer Relationship Management (CRM) System
- Utilise gamification

The willingness of a person to regularly contact and purchase from a particular business is referred to as customer loyalty. Your customers are more likely to return and spend more money on each transaction if you can give them memorable, satisfying experiences (Stewart, 2019).

Keeping a consumer delighted with your company's goods or services is only one aspect of maintaining customer loyalty. The ideal outcome is to convert a customer into a brand evangelist (Freedman, 2022).

One of the most difficult aspects of running a business is attracting clients; maintaining them is even harder. While providing excellent customer service is crucial, it is no longer sufficient. So how can a start-up or small firm even hope to stand out by gaining devoted clients? Loyal customers spend more money, and customer retention generally costs less than obtaining new ones. But keeping customers is challenging. If it were simple, everyone would be doing it. In the past, the banking industry was more accessible than most when retaining customers. Banks may keep their customers for the most part, but they no longer have a tight hold on loyalty. Unbundling financial services, using various providers, and using mobile apps to manage money are all trends that are becoming more and more popular. Customers are opening more accounts rather than switching (McColl, 2020).

A loss of confidence in banks resulted from the financial crisis of 2008. As such, customers aim to improve their quality of life experiences regarding banking services. In this regard, the 2008 meltdown resulted in a consumer behaviour change where higher standards for banking experiences are expected. If banks fall short, competitors can offer incentives to make customers change their banks (McColl, 2020).

According to Arslan (2020), one of the essential objectives organisations strive to accomplish is customer loyalty. Customers loyal to a business can be a financial source of income for them and influence those around them with their recommendations and incentives, allowing the company to attract new clients more affordably. As a result, building customer loyalty offers a significant competitive advantage, prevents customer attrition, secures revenue sources, and makes it simpler to acquire new clients.

Customers want to trust the company they value, feel that its staff care about them, and avoid dealing with oppressive prices or hidden fees. No matter how big or little the firm is, when clients lose faith in it, they stop doing business with it. When customers become loyal to a firm, they are more likely to make additional purchases from them and are willing to spend more on their goods. They also tell others in their communities about the business. As customers get more informed, they assess the suitability and advantages of the company, and this assessment raises the customers' expectations for trust as a result, it attracts new, cost-effective clients to the business (Arslan, 2020).

The theory supports the formulation of the following hypothesis:

H_5 : There is a significant positive relationship between *Brand image* and *Brand loyalty*.

2.8 FUTURE BANKING COMPETITIVENESS

Banks of the future require innovative strategies to ensure loyalty and customer retention. The digitisation of the industry, Covid-19, trust in online systems and ease (amongst other factors) make customer retention and loyalty strategic focus areas.

2.8.1 Blockchain technology and the new era of financial services

Trust, as discussed above, is a crucial antecedent of loyalty. With the 4th industrial revolution in full swing, it is only natural for words like blockchain technology, the internet of Things (IoT), artificial intelligence (AI), distributed ledger, decentralised, digital currencies, Web3 and many more to become commonly used amongst fellow members. For this research study, we will only focus on a specific element that forms part of the 4th industrial revolution and how that element can assist and be advantageous to the traditional financial system in the future (Skilton & Hovsepian, 2018:9-14).

Blockchain technology often gets confused and overshadowed by the term cryptocurrencies. The hype around the continuous volatility and roller-coaster journey cryptocurrencies have been on since their invention in 2009 (Royal, 2022).

A blockchain is a shared distributed database or ledger between computer network nodes. A blockchain serves as an electronic database for storing data in digital form. The most well-known use of blockchain technology is for preserving a secure and decentralised record of

transactions in cryptocurrency systems like Bitcoin. The innovation of a blockchain is that it fosters confidence without the necessity for a reliable third party by ensuring the fidelity and security of a data record. How the data is organised in a blockchain differs significantly from how it is typically organised. In a blockchain, data is gathered in groups called blocks that each include sets of data (Chen *et al.*, 2018:1-4).

Blocks have specific storage capabilities, and when filled, they are sealed and connected to the block that came before them to create the data chain known as the blockchain. Every additional piece of information that comes after that newly added block is combined into a brand-new block, which is then added to the chain once it is full. As its name suggests, a blockchain arranges its data into pieces (blocks) that are strung together, whereas a database typically organises its data into tables. When used decentralised, this data structure creates an irreversible chronology of data by design. When a block is completed, it is sealed irrevocably and added to the timeline. When a block is added to the chain, it receives a precise timestamp (Chen *et al.*, 2018:1-4).

Blockchain technology has existed for more than ten years, and major institutions, including international banks, are already investing heavily in the technology. Major institutional investors are looking to capitalise on its innovative features and get a competitive advantage through early adoption. If senior management within banks isn't discussing this technology already, they might be playing catch-up soon (Crosman, 2021).

The question being asked for this research study is, how can blockchain technology assist the banking sector and its customers in addressing some of the prominent reasons for being unsatisfied and switching service providers?

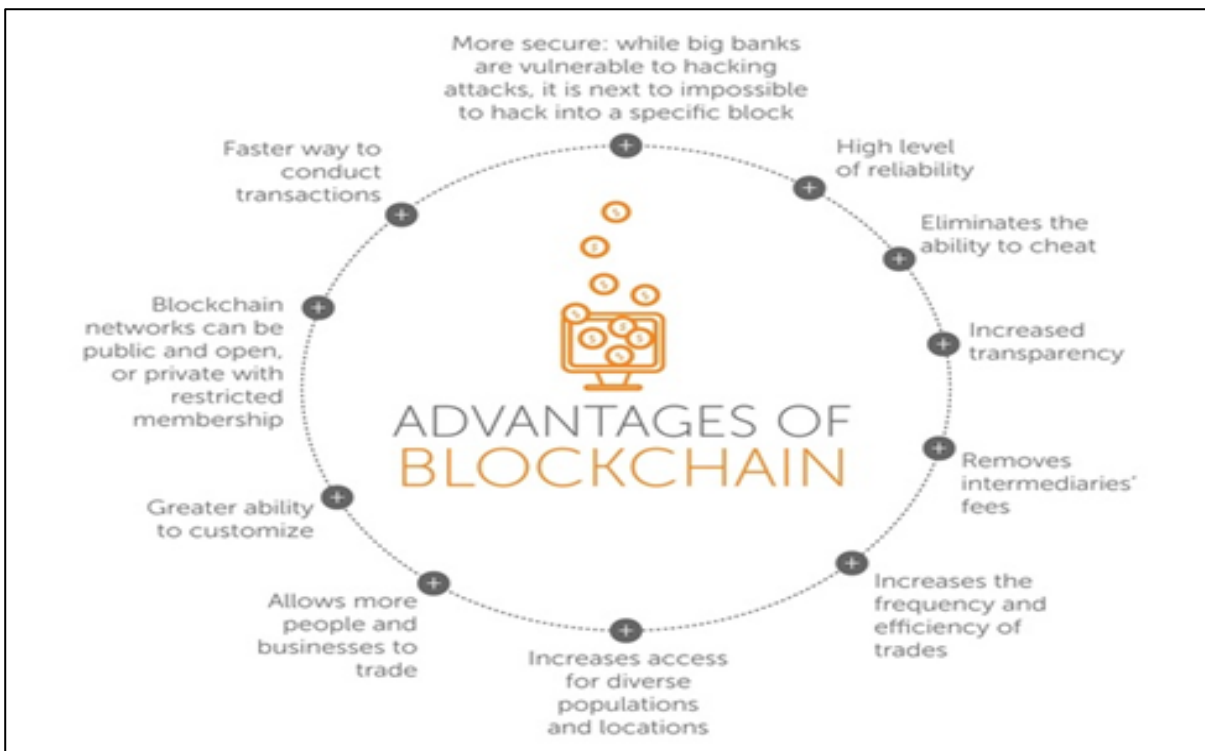
Customers mostly leave their primary bank for reasons such as (including, but not limited to) lack of Trust, lack of inclusivity, ethical reason, fees, delays in service, and security concerns around data, to mention a few. Blockchain technology, on the other hand, automatically addresses some of these concerns without any human interference or control.

What really should be making people within the financial sector excited about blockchain technology is the advantages it has to offer to the financial system. Some advantages include (but not limited to):

- **Trust:** The decentralised technique of blockchain technology conceals its most important feature. The network is protected specifically by a proof-of-work system, eliminating the need for outside parties to validate and record transactions. This protocol aids blockchain technology users in avoiding relying on outside parties to secure all transactions and assets. There is no potential of creating a backdoor into the system because the entire technical code is open source for all parties. Contrary to the environment of banks, which control the capital and assets of their customers, this secure open access enables users to utilise blockchain comfortably in a way comparable to utilising their financial systems, coupled with control over decisions for ensuring the protection of their capital. Blockchain technology's dependability and trustworthiness are reflected in a few key terminologies, such as shared and public interfaces, transactional peer verification, little resistance to information dissemination, and cryptography-based security (Ali *et al.*, 2021:12731-12732).
- **Decentralisation:** Decentralisation is one of the key characteristics of blockchain technology, among others. Decentralisation's immutability and resistance to censorship are its two most important features. One of its unique characteristics is that an individual's assets or capital are not dependent on a third party for its security and safety. Furthermore, blockchain technology's circularised and decentralised features would prevent the government or cyber terrorists from accessing the personalised ledger designed for personal use. The built-in proof-of-work mechanism assists computing in finding solutions to challenging mathematical problems.
- Furthermore, proof-of-work is a popular consensus technique that is used presently to connect millions of autonomous nodes. The certainty that assets are safe is enhanced due to the protection against discretionary dilution of the money supply. A few key terms, such as member anonymity, the capacity for automation, data redundancy, and peer engagement in the development of "versatility," demonstrate the crucial decentralisation integrated into blockchain technology (Ali *et al.*, 2021:12731-12732).
- **Categories – Blockchain:** In general, there are three basic divisions for blockchain: public, consortium, and private. Each member carries a comparable set of rights and prerogatives related to a public blockchain. These include distributing authority

equally to all participants rather than giving centralised approval to a third party. Every party is free to join or quit the network in the interim. Every user of this feature is free to use it, and any source, including Bitcoin, is capable of validating transactions. The validation of transactions is impossible in the case of consortium blockchain. Additionally, only a select few key participants can validate transactions. Before the introduction of validation, other members still have the option of certifying their transactions; these important members should have access to the agreement. Additionally, centralised configuration methods are ensured in the case of private blockchain. The authority to decide, as well as the control over activities and the transaction validation process, rests only with one entity. The centralised authoritative member will also guarantee that the suggested consensus is the only one that should be followed. This resembles the structure of any centralised system, such as the government agencies that represent several states (Ali *et al.*, 2021:12731-12732).

Figure 13: Advantages of blockchain technology



Source: (Prasad, 2019)

Unfortunately, the South African financial system has been utilised by criminal syndicates, corrupt individuals and politicians for decades. Many people will argue that the country's

slow economic growth and poor investment outlook over the past decade, to mention a few, are directly linked to the level of corruption, fraud, lack of transparency, and accountability.

If the research on blockchain technology revealed anything, the technology could certainly address communities' concerns. These concerns may include a more inclusive economy that will open up the business community locally and globally (Golosova & Romanovs, 2018:4).

According to Golosova and Romanovs (2018:4), blockchain technology will also ensure transactions conducted between two parties would cost less and take significantly less time to be sent from the sender to the receiver if it's an international transaction.

The higher level of transparency will also play a significant role in corrupt individuals and politicians partaking in unlawful transactions to the detriment of their own country and the economy of their people. The immutable and auditable nature of all transactions conducted via the blockchain is another attractive factor industry experts will be looking to develop future technologies around (Golosova & Romanovs, 2018:4).

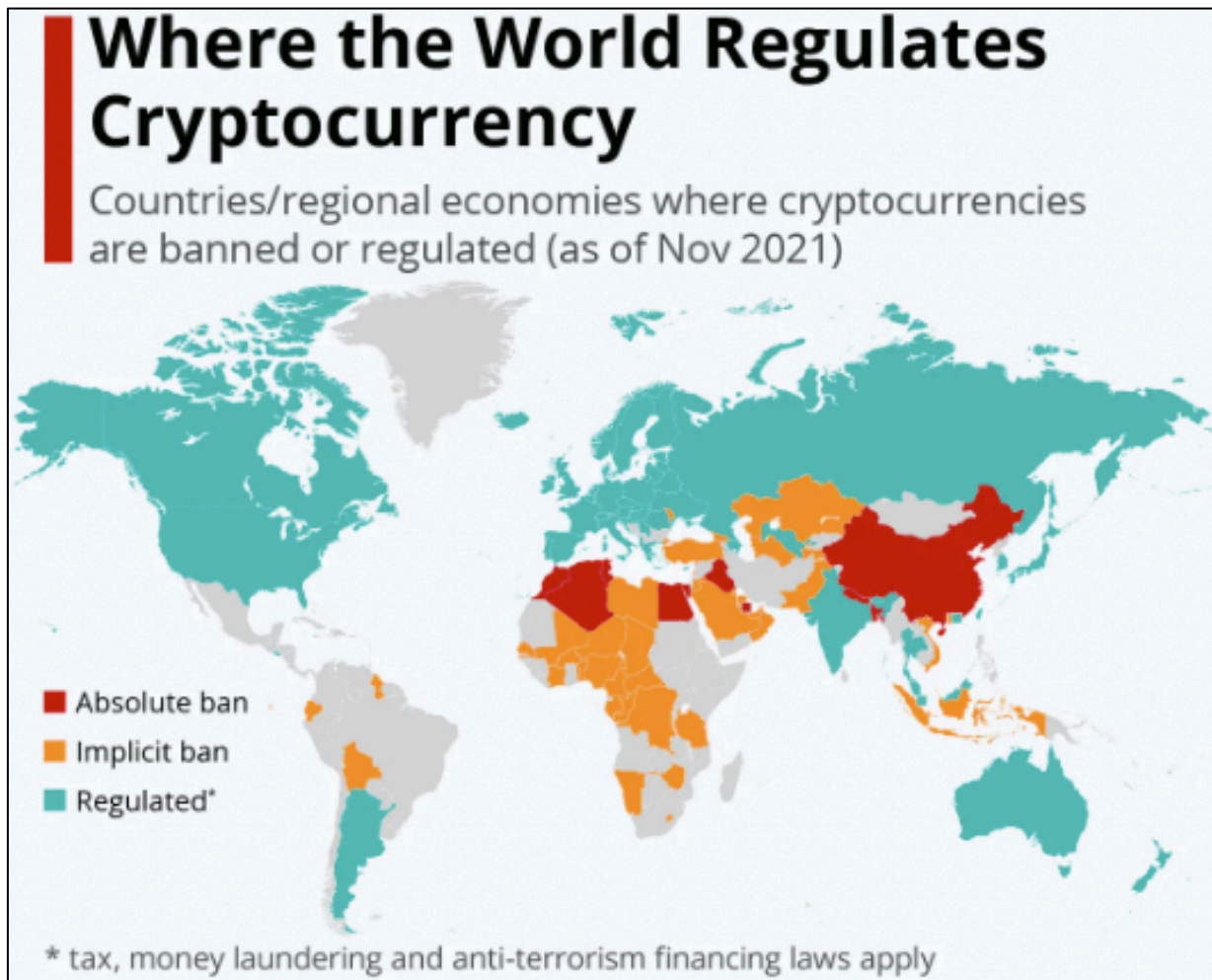
It should be noted that blockchain technology is still fairly new compared to other, more traditional systems and technology. Therefore, there are still a lot of improvements to be made and developed (Niranjanamurthy *et al.*, 2019).

With new technology comes some loopholes and improvement areas. One of the major areas of improvement for blockchain technology is within the regulatory department. The lack of current regulations compared to the traditional banking sector is one reason adoption takes time. The absence of regulations further contributes to undesirable parties utilising the system to exploit the lack of oversight from authorities. Many industry experts believe the actual technology has developed too quick for regulation to keep up and be implemented accordingly (Oonagh, 2021:81-85).

It is expected that developing countries to see the regulations behind cryptocurrencies in the short succession of developed countries, such as the United States and the United Kingdom for example (Comply Advantage Team, 2022).

Figure 14 visually displays how cryptocurrencies, also known as digital assets, are regulated differently worldwide.

Figure 14: Cryptocurrency regulations around the world



Source: (Statista, 2021)

The study aims to determine if there is a significant relationship between the customer's loyalty, trust, and satisfaction concerning the organisation's reputation. Blockchain technology is already showing early signs of assisting the financial sector in becoming more robust in these areas. If more clarity is provided around this area, it would be an instrumental finding and contribution towards future senior management's strategic development planning.

2.8.2 Banking sector adopting new technology

If one common dominator was playing a role in various areas of our daily lives, it's safe to say it's technology in some form. With the recent COVID-19 pandemic creating havoc globally, it also came with great opportunities that resulted in accelerated development and adoption of technology. Never let a good crisis go to waste if it's possible to turn it into a massive opportunity (Blake, 2021).

According to Stovall (2020), the coronavirus pandemic is accelerating digital adoption five years in the future and raising traditional banks' technology spending, which may pave the way for bank mergers and financial technology deals later this year. According to Greg Smith, managing director and director of research at fintech-focused investment bank FT Partners, the real issue with any innovation is getting clients to take the initial step and explore the new technology. However, the pandemic has compelled many clients to take risks and use digital means to receive financial services. At the same Morgan Stanley conference, Greg Carmichael, CEO of Fifth Third Bancorp, stated that the adoption of digital technology had increased, with 74% of financial transactions occurring through digital channels today as opposed to 69% before the pandemic started (Stovall, 2020).

Due to the nature of Fintech companies, they are developed to provide services and products to their customers solely through digital/online channels. Many would agree that this ultimately puts fintech in a better position, given the current environment compared to the traditional banks. However, the importance of well-established brands and Trust among customers are attributes that are not easily obtained, and the importance cannot be stressed enough. Only time will tell if banks will soon be open to merging or acquiring particular fintech's or if fintech's will just obtain their banking licences for reasons such as more secured funding (Robert Walters Team, 2022).

In the previous section (**Section 2.8.1**) blockchain technology was discussed in detail. The section took a closer look at the specific technologies that blockchain and distributed ledger technology (DLT) offer and, more specifically, why they are relevant to banks (see **figure 15** below).

Figure 15: Seven trends relevant to traditional banking services

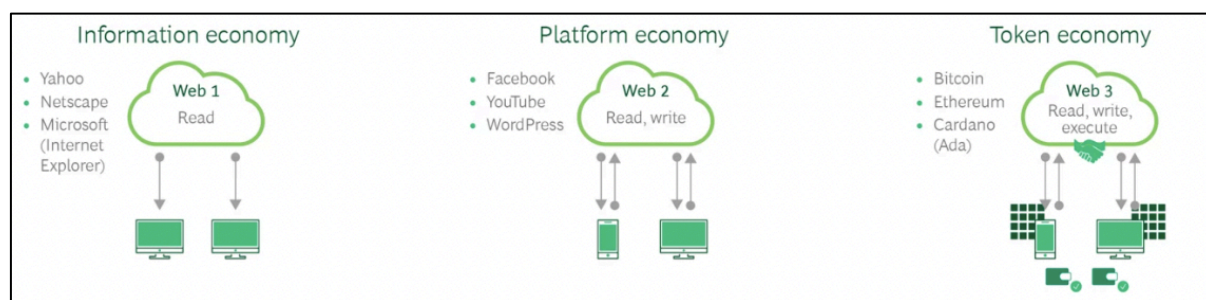


Source: (Kronfellner *et al.*, 2021)

These advancements provide banks with several benefits. Here the BCG report (2021) provides a few typical examples. They can provide their own cryptocurrency offerings or assist their customers in making cryptocurrency purchases. They can start advising businesses and act as reliable brokers for these novel financial products. They can also play a part in improved verification by managing and maintaining the systems that uphold credibility in this new area.

The digital ledger is so practical and useful in and of itself that it might eventually be taken for granted as a pillar of the financial sector. Some analysts contend that the digital ledger ushers in a third massive wave of web-based technology. The World Economic Forum (2021) refers to the “token economy”, as it allows the free exchange of information, developed to platforms offering more tools, control and functionality, and eventually tokens at this stage which are data structures that can reliably execute transactions without humans in control of it (Casey, 2021).

Figure 16: Global economy is moving towards a digital ledger technology



Source: (Kronfellner, 2021)

The seven trends highlighted by the BCG report applicable to the banking sector include the following (Kronfellner, 2021):

- Through the use of **smart contracts**, banks can handle their formal agreements via digital implementations
- Banks can link other traditional forms of assets already at their disposal to cryptocurrencies and offer **asset-backed digital tokens**
- There's a drive for nationally supported cryptocurrencies, also referred to as **central bank digital currency (CBDCs)**
- The utilisation of artificial intelligence (AI) to automate support for DLT through **Robo-advisory services**
- Offering alternatives to assist in the process of raising funding for start-ups through **initial coin offering (ICO)**
- Using a new technology of cryptocurrencies, **nonfungible tokens (NFTs)** with their own intrinsic value
- Lastly, a bank or financial institution offering financial applications based on blockchain – **decentralised finance**

These transactions are cryptographically protected to prevent tampering. Blockchain technology can completely change how the banking sector operates and make it more transparent, effective, secure, and affordable (Vega, 2021).

The banks and financial services sectors are gradually adopting blockchain technology. Blockchain technology is predicted to completely change how we conduct business, not just in the banking sector but also in fields like healthcare, government, and retail has the power

to change the financial industry's overall security. Blockchain technology is positioned to impact how international transactions are carried out significantly, and digital assets are protected, including remittances, securities trading, and cross-border payments (Cyber Management Alliance, 2022).

Blockchain technology will have an impact in many ways on the banking sector, but the Cyber Management Team (2022) identifies a few important areas for the banking sector to consider:

- Being able to conduct international transfers quicker and cheaper
- The reduction/elimination of fraud and increasing security
- Automation through blockchain can reduce costs for customers and offer improved-quality products
- Less human participation will reduce human error
- Avoiding double spending and fewer errors when it comes to lending as it forms an important part of most banks
- Fewer parties are involved in the execution of transactions, thus less cost or commission to be paid to middlemen
- The transparency that comes with blockchain, which is also not possible to tamper, makes it possible to use from voting to business contracts

The financial sector is taking blockchain technology seriously because it has the potential to disrupt the traditional banking sector significantly. The blockchain's tamper-proof, decentralised, and unchangeable characteristics make it the perfect solution for cutting costs and optimising various processes, including payments, asset trading, securities issuance, retail banking, clearing, and settlements. It becomes clear that blockchain technology encompasses far more than just cryptocurrencies like Bitcoin. Although those applications as payment and monetary systems are unsettling, a more considerable upheaval might result from other applications of these exceptional and potent traits (Hayes, Investopedia, 2022).

2.9 THE CASE STUDY OF LUNO: A HIGH-TECHNOLOGY PLATFORM

2.9.1 Introduction

This section provides an overview and background of Luno as a case study company. The purpose of this chapter would be to provide details about the company's information, business model, ownership structure, services and products, and its journey to date.

The technology behind cryptocurrencies, known as blockchain technology, is believed to be the major contributing factor that will drive mainstream adoption and transform everything from payment methods to raising funds in the private market in the foreseeable future (CB Insights, 2021). In recent years, cryptocurrency exchanges have disrupted the traditional financial sector positively. The change and drive for digital adoption have also been accelerated due to COVID-19.

In this section, clarity is provided regarding the company's famous culture, known as "Moontality", and how they ensure the culture remains intact and ultimately contributes to a positive output from all employees. Lastly, the company has an ambitious and inspiring mission of upgrading the world to a better and more effective financial system.

2.9.2 History and background Luno

Luno was founded in 2013 by Marcus Swanepoel, Timothy Stranex, Pieter Heyns and Carel van Wyk (Planting, 2021). Luno was first known as BitX, before the company rebranded in 2017 (Arnaud, EU-Startups, 2021). Luno is currently the biggest crypto exchange in Africa, with a global footprint in over 40 countries and recently celebrated more than ten million active customers on their platform (Kanali, 2022).

The idea of cryptocurrency and its potential impact on the world financial system fascinated the founders of Luno. The idea was initially developed in 2013 by Marcus and his team to improve the global financial system by making it more accessible and transparent. They understood that for their idea to succeed, they would need to develop a platform or application to increase the public's access to cryptocurrencies, irrespective of their location or background (Arnaud, EU Startups, 2021).

In September 2020, Digital Currency Group (DCG) acquired Luno. The fact that DCG is now the sole stakeholder demonstrates that all directors and management are working to advance the interests of the shareholders. Transparency played an important role in investors knowing what they would be buying, and no surprises would pop up after the deal agreement (Murphy, 2021).

Table 5: Luno's historical timeline

Year	Event
2013	Company founded by Marcus Swanepoel, Timothy Stranex, Pier Heyns and Carel van Wyk
2013	Initially known as BitX
2014-2017	Series A funding rounds which included (including, but not limited to) Naspers, DCG, Venturra, and Rand Merchant Investment Holdings
2017	The company was renamed and rebranded from BitX to Luno
2018	Two million customer milestone
2019	Three million customer milestone
2020	Five million customer milestone
2020	Luno launched its Bitcoin Savings Wallet
2020	During Series B funding round, Digital Currency Group (DCG) acquired Luno and became the majority shareholder
2021	Luno reaches 500 employees
2021	Luno signs naming rights to one of the tallest buildings in Cape Town
2022	Luno establishes a footprint in the United States
2022	Luno launches four additional cryptocurrencies, Chainlink, Uniswap, Cardano, and Solano
Present	10 million customers across more than 40 countries globally. Employs more than 1000 people in offices across Europe, Africa, Asia, Australia and the United States.

Source: (Everybodywiki, 2022)

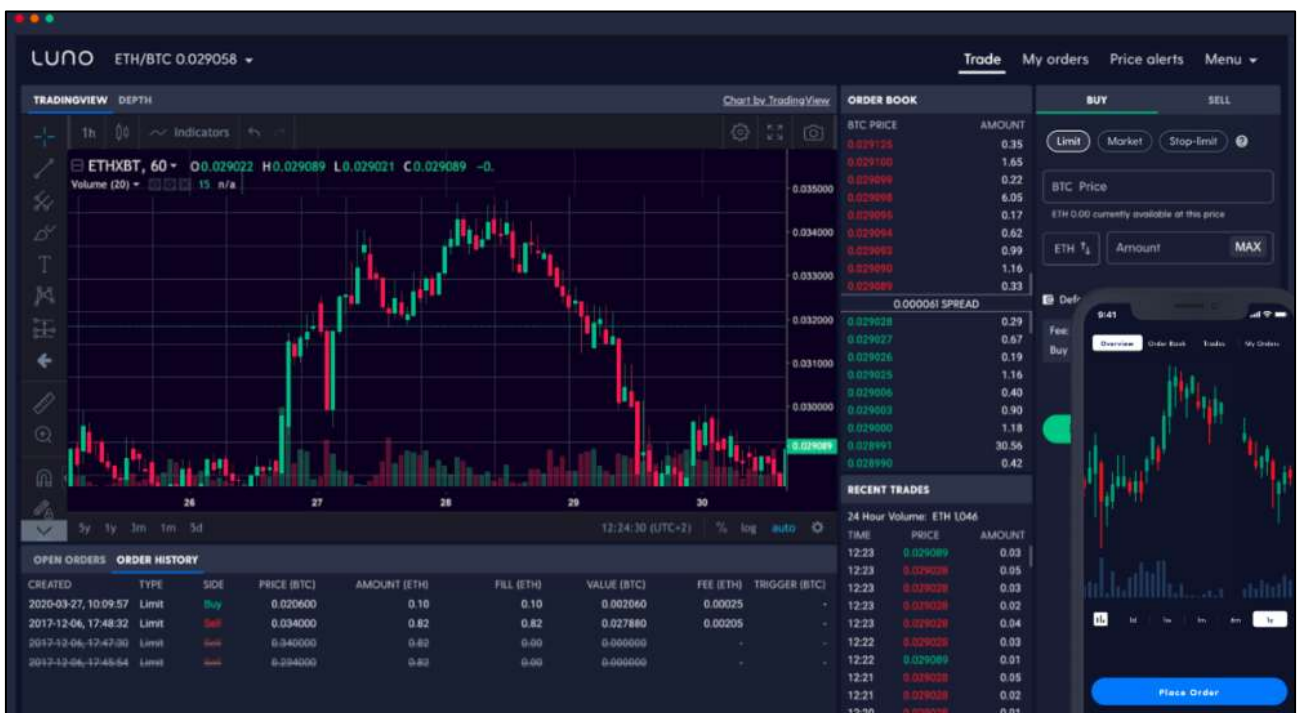
2.9.3 Investing in cryptocurrencies via Luno's platform

2.9.3.1 Platform

Luno's user-friendly platform is one of many strategies the company opted to follow to align with the company's greater mission, which is "to put the power of crypto in everyone's hands". Bitcoin remains one of the most popular cryptocurrencies among buyers. However, many investors often opt for alternative cryptocurrencies offered via Luno's platform (Luno Wallet, 2022).

Luno's platform has been developed in such a manner to cater for everyone and not just the specialist and experienced traders. The platform offers customers a standard and user-friendly platform to utilise Luno's services and products while simultaneously allowing all customers to switch to a more complex and experienced exchange.

Figure 17: Luno exchange



Source: (Andov, 2021)

The exchange allows customers access to an order book and trades and to utilise the functions of a typical trading graph, being able to make use of chart candles while at the same time placing stop orders and limit orders to mention only a few (Luno Exchange, 2022).

2.9.3.2 *Customer sign up*

Future Luno customers looking to sign up can do so in four easy steps (Luno Sign Up, 2022).

1. Download the Luno app from the Google Play or App Store
2. Select Profile from the menu
3. Tap Sign in, and on the next screen, JOIN IN
4. Follow the prompts from there to sign up

2.9.3.3 *Customer onboarding*

Luno conducts "know your customer" (KYC) checks on all customers signing up during the customer onboarding process. As with any financial institution operating within South Africa, the more flexibility and transactional freedom requested by customers, the more diligent the onboarding process would have to be. Luno has developed its unique framework in categorising customers according to KYC Levels, which is linked directly to the customers' functionality and freedom to transact on the platform. Customers can expect to follow a similar process as experienced when signing up with banks in South Africa.

2.9.3.4 *Cryptocurrencies*

Luno currently offers ten cryptocurrencies: Bitcoin, Ethereum, Ripple, Chainlink, Uniswap, Litecoin, Bitcoin Cash, USDC, Cardano, and Solano. Chainlink, Uniswap, Cardano and Solano were the latest (October 2022) four cryptocurrencies to be offered by Luno on their exchange. Luno is launching more coins and will continue to address their loyal customers' requests and cater to the mass market (Luno Wallet, 2022).

2.9.3.5 *Savings wallet*

Over and above Luno's current offering, the company offers Savings Wallets to their customers. This service is only available via Bitcoin, Ethereum, and USDC Wallets. The interest rates on the savings wallets are variable, will be paid out monthly, and may take up to seven business days to transfer funds between wallets from your respective savings wallet (Luno Savings Wallet, 2022).

For its Savings Wallet, Luno has chosen Genesis Asia Pacific Pte Ltd, backed by Genesis Global Capital LLC, (collectively "Genesis"), as its preferred Lending Partner. Genesis operates an institutional lending platform which employs a sophisticated risk mitigation framework to assess its clients' creditworthiness (Luno Savings Wallet, 2022).

2.9.3.6 Referral and promotions

Luno's referral programme allows customers to be rewarded with Bitcoin by referring their friends and family to Luno. Luno has put certain eligibility factors in place to reward customers fairly while at the same time ensuring customers do not participate in promo abuse or expose the company to any unnecessary risk. Further to the above, Luno may run competitions, giveaways or other types of campaigns from time to time (the "Seasonal Promotion") (Luno Rewards, 2022).

2.9.3.7 Fiat depositing methods

Luno also partnered with one of South Africa's biggest banks, Standard Bank, as the preferred service provider and facilitator of fiat deposits made into Luno South Africa's bank account before allocating the funds to the respective depositor's Luno wallet (Luno Deposits, 2022).

Luno offers its South African customers two depositing methods: via a bank transfer or instant electronic fund transfer (EFT). The bank transfer option reflects in 2-3 days and will not charge the customer any depositing fees. Instant EFT's will allow the customers to make instant deposits but will only allow the customers to send funds after three business days. A 1.4% fee is charged per deposit (Luno Deposits, 2022).

Some limitations may apply to customers for Luno to comply with the relevant regulations while simultaneously upholding a high standard of compliance across the company.

2.9.4 Investments

In 2013 when Luno first entered the market, the company was backed by global tech giants Naspers Group and Balderton Capital, amongst others (Businesswire Team, 2020). Between 2013 and 2017, more investors got on board (including, but not limited to), PayU, Ariadne Capital, AlphaCode, Rand Merchant Investment Holdings, Venturra and DCG (PitchBook Team, 2022).

In September 2020, Luno was acquired by the CEO and Founder of Digital Currency Group (DCG), Barry Sibert. Luno has always been aligned in terms of its culture and long-term vision, so the DCG acquisition felt like a good fit right from the start, according to Marcus,

Luno's CEO. It meant for Luno in real terms that the company would be better equipped to scale, with more expertise and resources to reach their target of upgrading one billion people to a better financial system by 2030. Joining forces with DCG makes the journey faster and better (Arnaud, EU-Startups, 2021).

2.9.5 Gap in the market and Luno's strategy

According to Luno's current CEO, Marcus Swanepoel, in 2012, he realised there was a significant gap in the market and that the current financial system had some flaws that could be addressed by the new technology that came with blockchain and cryptocurrencies. Marcus's previous exposure to the banking sector made him realise the current financial system was very old school with plenty of opportunities. Two main areas highlighted not only by Marcus, but by most exchanges today were how quickly value could be transferred over borders and the fact that the current financial system excluded millions of people from the economy due to no access to a bank account, especially in developing countries (Arnaud, EU-Startups, 2021).

Luno's General Manager (GM) of Africa, Marius Reitz, has been very clear about Luno's strategy and how the company intends to penetrate the market differently from its competitors. When looking at Luno's major competitors, for example, Binance and Crypto.com, it is clear that their differentiating factors are vastly different from Luno. Luno would also be looking to set itself apart from its competitors by ensuring they are leading the race to adopt regulations worldwide, especially in South Africa (Business Elites Africa Team, 2020).

Binance and Crypto.com both opted for a strategy that will allow them to offer hundreds of different cryptocurrencies to their customers with additional services and products not yet available on Luno's platform (CoinMarketCap, 2022).

However, Luno opted for a strategy they believed would lead them to the mass market (Team Luno, 2020). Many factors play a role in this strategy, such as removing cryptocurrencies' overwhelming effect on first-time buyers. For most people at the moment, cryptocurrencies are unknown and complex. Signing up to an exchange only to realise you

now need to select a cryptocurrency from a list of hundreds to invest your hard-earned money in can become very daunting (Shew, 2021).

Luno seems to have done very well in removing all the hype around altcoins and only listed a limited number of cryptocurrencies. Luno thoroughly reviewed all cryptocurrencies currently available on their platform according to their robust due diligence process. These are typical cryptocurrencies which they believe have a better probability of surviving difficult economic times and ones that have outstanding use cases backing their existence (Team Luno, 2019).

2.9.6 Luno partners with the worldwide fund for nature in social strategy

A sustainable organisation should support and endorse all its stakeholders, employees, and the community in which it operates. The strategies for obtaining and maintaining this support differ, but they all come down to treating employees fairly and acting responsibly in local and global communities.

People are different and fascinating in their own right, and they change their tastes throughout time along with trends and cycles in the economy. The kinds of assets and cryptocurrencies that Luno offers could occasionally be different from what clients want at a given time.

To give back to the community, Luno has developed several measures, including fundraising, sponsorship, scholarships, and investments in regional public projects. One of those initiatives being referred to over the recent years includes Luno's partnership with the Worldwide Fund for Nature (WWF). This is just one of many testaments of Luno giving back to the community (Luno People Team, 2021).

Figure 18: Luno partners with WWF



Source: (Luno People Team, 2021)

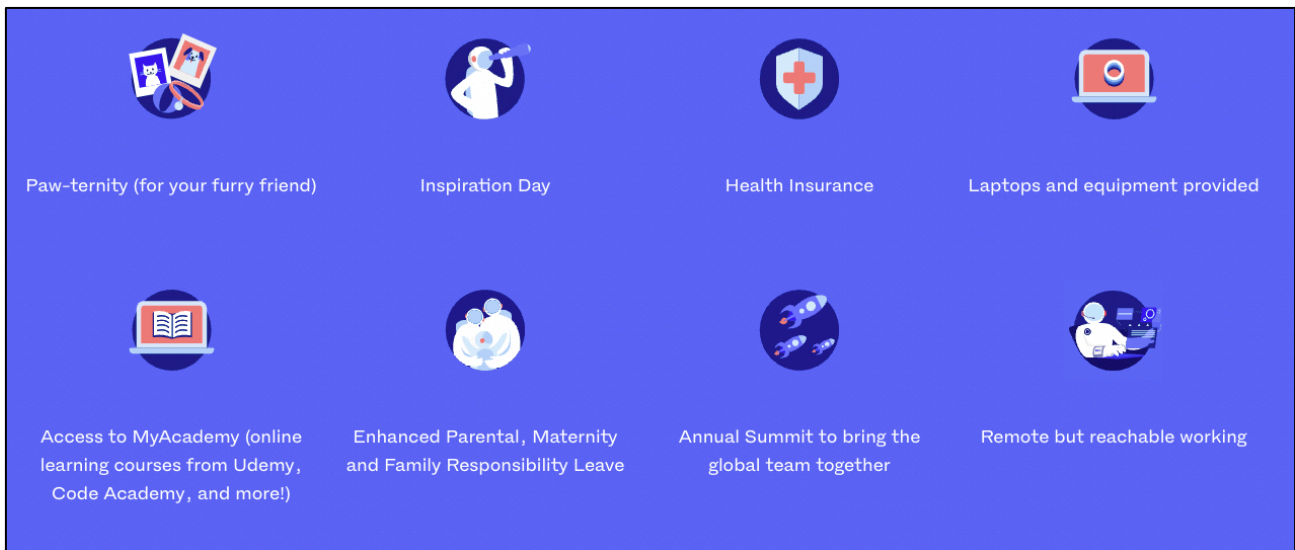
2.9.7 Company perks

Looking at Luno's company perks, the company has gone the extra mile to set itself apart from its competitors and most other companies operating within South Africa.

If anyone is looking to become an employee of Luno in the future, they can expect the following perks (including, but not limited to):

- One inspiration day leave
- Medical aid contributions
- Free lunch (Cape Town)
- Free Uber Eats/Deliveroo vouchers on Fridays
- Laptops and equipment provided (predominantly MacBooks)
- Paw-ternity: one day of leave for your beloved pets
- Access to various online educational platforms
- Parental, maternity and family responsibility leave
- Study leave
- Annual summit to bring the global company together (Covid and budget dependent)
- Flexibility: Remote working

Figure 19: Luno's company perks



Source: Luno People Team, 2022

2.9.8 Company culture

According to Marcus Swanepoel (2019), Luno is very proud of the culture they have managed to develop since the company started in 2013. Markus describes the culture at Luno as follows, *"to us, our culture and values describe how we Lunauts do things at Luno and how we ensure our success, collectively referred to internally, as 'Moontality'."*

The current CEO puts a lot of emphasis on the importance of the company's culture and how the company as a whole revisit this area every 12-24 months to ensure it's not only applicable but it's also being practised by all Lunauts (Swanepoel, 2019).

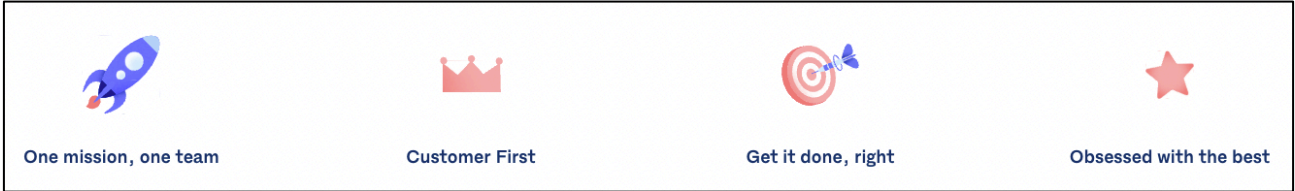
Luno's Moontality can be summarised as follows (Swanepoel, 2019):

- One mission, one team
- Get it done, right
- Customer-first
- Obsessed with the best

Customer-centricity is of the utmost importance to Luno, and the various departments are constantly searching for better solutions to maintain their position as the industry leader in Africa and expand their footprint globally (Luno People Team, 2021). The fact that Luno's core values may contain a variety of things, like employees, quality, customers, and being

the best, is nevertheless a crucial point to remember during the introduction. All of these things somehow tie back to customer satisfaction.

Figure 20: Luno's core values



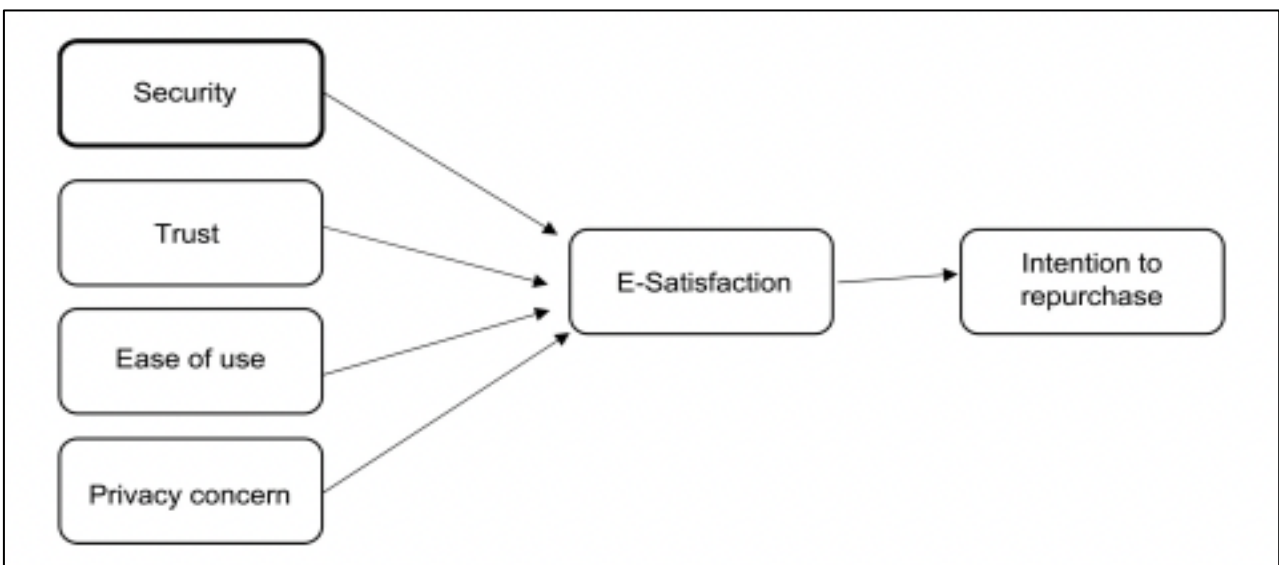
Source: (Luno People Team, 2022)

The company's culture is referred to as "Moontality". Therefore, it is important for Luno's People Team to ensure that they have an established robust recruitment and interviewing process. This will contribute to getting future Lunauts onboard that will buy into the company's culture and become part of the family and the journey to upgrading the world to a better financial system.

2.10 INTENTION TO REPURCHASE THROUGH TRUST AND CROSS-SELLING

Jayathilaka (2020), utilised the below repurchasing model to determine which factors will influence the customer's level of repurchasing intention directly and indirectly.

Figure 21: Online repurchase intention



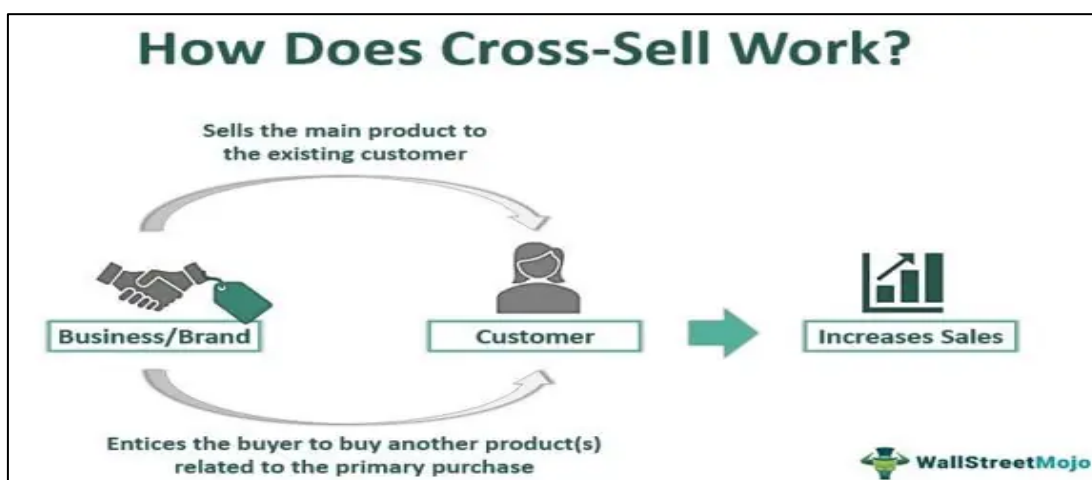
Source: (Jayathilaka, 2020)

Jayathilaka (2020) drew the following trends from the research conducted: Trust, security, user-friendly, and privacy have a direct influence on the customer's intention to continue using or repurchasing. E-Satisfaction was the only factor noted to indirectly impact the customer's repurchase intention or the continued use of products or services. The message to be taken from figure 21 above is that satisfied customers will be easy to be retained and convinced to repurchase. In contrast, unsatisfied customers would be looking to find satisfaction with your competitors.

When the quality and price are contrasted, perceived value affects how decisions are made. The same perceived quality at a lower price or a higher perceived quality for the same price contributes to the perceived value. The public brand will also be taken into consideration while making decisions. What will the general public think about this company? Many businesses work hard to develop connections with their clients, but the difficulty lies in the fact that not all clients are interested in doing so. Building consumer loyalty and trust is crucial. It must be a top business priority (Mende *et al.*, 2013:126-127).

Secondly, how will banks get existing customers to sign up or buy additional products and services? A popular method to approach this is often referred to as cross-selling. Selling consumer-related or complementary products is cross-selling (see Figure 22 below).

Figure 22: Cycle of cross-selling



Source: (Editorial Team, 2022)

One of the best forms of marketing is cross-selling. Selling different sorts of investments or products to investors or providing tax preparation services to clients in the retirement planning business are a few examples of cross-selling in the financial services sector. For instance, a bank's sales team might attempt to cross-sell a personal line of credit or a savings product to a customer who owns a mortgage (Hayes, Financial Planning, 2021).

2.11 SUMMARY

As discussed in detail throughout this chapter, the importance of strategic planning by senior management is now more important than ever in what is considered a highly competitive market. To some extent, the majority of the research conducted around what is important to customers and what makes customers leave their primary banks aligned across most of the trends and influencing factors noted. This study seeks clarity around the factors influencing customers' decisions and points of view, specifically focusing on corporate reputation, trust, loyalty and customer satisfaction.

Banks need to critically analyse their customers, determine what is considered valuable to them and ensure the respective banks clearly express the differentiating factors to gain a competitive edge. Due to the high level of trust people have in their primary banks, they are more open to sharing information as it is often a requirement for onboarding customers and banks complying with the regulatory framework applicable to them in each country (Bose *et al.*, 2013:33-34). This puts the banks in a solid position to gather customer data and examine customer behaviour continuously. The analytics department needs to prioritise the latter for banks to understand their customers better and address their exact needs. Strong data sets are great means for banks to tailor their products and services exactly according to their target markets to maximise market share, resulting in greater profits and a sustainable competitive edge (Hassan & Tabasum, 2018:25-26).

According to Riivari (2005:15-16), the moment customers pay for a product or service in a highly competitive market, the least they expect from staff is to ensure their processes around servicing customers' needs are customer-centric. The controlled influence staff has over their clients daily can significantly contribute to your customer base's growth and sustainability.

Companies must identify and comprehend their target market and analyse this group's demands and problems. It is more likely that good service will spread through WOM when clients are happy with it. On the other hand, when customers have a terrible experience, businesses may be badly impacted by bad word-of-mouth advertising (Choudhury, 2014:621-622).

The next chapter (Chapter Three) will deal with the research methodology and results of the study encompassing an introduction, research methodology, results and summary section with their respective sub-sections where applicable.

CHAPTER 3: RESULTS AND DISCUSSION OF EMPIRICAL RESEARCH

3.1 INTRODUCTION

Chapter Three contains the empirical part of the study. The chapter provides an in-depth explanation of the research methodology and the results. The chapter consists of three main sections: the research methodology, results and discussion. The chapter also provides feedback on the theoretical model and how well it fits. The chapter concludes with a chapter summary.

3.2 RESEARCH METHODOLOGY

The study followed a quantitative research approach to gather data and address the research question using numerical data.

3.2.1 Questionnaire design

The researcher used co-distributors to distribute the questionnaire to limit the possibility of bias and conflict of interest as far as possible. Therefore, the researcher and his network made contact with the respondents.

The questionnaire predominantly consists of close-ended multiple-choice questions based on the five-point Likert scale and clear and concise instructions. Therefore, it is easy for most respondents to participate without much communication from the researcher. The questionnaire was sent automatically with the relevant consent form to the respondents.

The primary objective is to determine relationships between the customer's loyalty and the antecedents trust, satisfaction, reputation, and image.

This study uses a self-developed questionnaire to gather data from random individuals and businesses across South Africa. Suppose the data reveals a correlation between the customer's loyalty, trust, and satisfaction with the organisation's reputation. In that case, how can these factors be managed and prioritised to ensure the banks within the banking sector in South Africa utilise these to generate greater profits? Typical errors to be avoided while compiling the questionnaires include the following: posing too long questions, too complicated, questions that seem like duplicates and lingo most respondents won't be familiar with (Bourke *et al.*, 2016).

A five-point Likert scale was used as the questionnaire scale. According to Allen and Seaman (2007), most people are familiar with the five-point response scale that allows the respondent to answer from (1) strongly disagree to (5) strongly agree. The questionnaire was digitised using a familiar Office 365 program, Google Forms, to compile the layout of the questionnaires. The program's functionality allowed a design where all questions were mandatory.

The questionnaire (see Annexures A) is divided into a total of six sections as follows:

- Qualifying questions and Consent
- Biographic Information
- Reputation (Reputational risk in banking)
- Trust (Trust in banking)
- Loyalty (Customer loyalty in banking)
- Satisfaction (Customer service and satisfaction in banking)

Section one of the questionnaire served as a form of qualifying questions and ended up with a final question regarding the consent to participate. All questions are mandatory.

Section two of the questionnaire obtained biographic information. Biographical information allows the researcher to extract significant value from data collected through profiling participants and provides for data classification to be possible during the research study.

Section three of the questionnaire gathered information about reputational risk in banking. Customer insights around the influence a bank's reputation has on its decision-making process allow the researcher to conclude how important it is for banks to protect their reputations through rigid processes, policies and corporate governance.

Section four was developed around trust in banking. Due to banks being a facilitator and holders of people hard earned money, the importance of trust can become a pivotal factor in customers' decision-making process regarding their preferred bank, followed by services and products.

Section five's questionnaire questions sought information about customer loyalty within banking. Due to customers paying for a service, it may be difficult for them to remain loyal during uncertain times with other options available to them. Understanding the level of loyalty to their respective banks allows the researcher to determine the importance of banks ensuring a mutually beneficial relationship is achieved through customer centricity.

The final section, **section six** focused on customer service and satisfaction in banking. With more banks becoming available in South Africa and offering similar products and services, customer satisfaction may become even more important. Suppose it is found that customer satisfaction does not only keep customers, but it builds customer loyalty together with customer marketing through word of mouth. In that case, it may become a robust strategic decision for banks to formulate their strategies around a principle of customer centricity.

Industry experts provided input and suggestions from the banking sector, cryptocurrency exchanges, and investment firms within South Africa to ensure their knowledge was also incorporated when compiling the final questionnaire before distribution.

3.2.2 Study population

According to Bryman *et al.* (2014), a study population refers to an entire group of people in which the researcher is interested in forming part of the study. It is improbable that a researcher would be able to interview or survey every potential individual.

It is almost impossible and will be extremely expensive and time-consuming during a mini-dissertation. Therefore, the group of assessable people you manage to gather data for will be known as the sample (Bryman *et al.*, 2014).

According to Dolma (2010), individuals are the most common units of analysis within research studies compared to businesses. We often opt for studies on individuals as the need to understand the relationship between individuals and society is far greater than others.

Throughout this study, individuals and businesses will be applicable as their experiences as customers of the bank will develop valuable trends and patterns which will lead to findings and eventually answer the research question being posed.

The researcher requested all participants to specify beforehand if they are older than 18 years of age, if they are employed (therefore, receiving their salary into their respective bank accounts within SA), and if the participant will be participating as an individual or business owner. The above questions will form part of the qualifying questions for participants.

No specific sample was drawn from the data received. As the researcher relied on his network to assist in distributing the questionnaires, it allowed for bias to be mitigated and no specific market to be targeted, allowing for an inclusive study population. The questionnaires were distributed throughout July and August 2022. No other results were permitted after the 31st of August 2022.

Suppose it is noted that customers (individuals and businesses) base their decision on which bank to bank with on a partial or full combination of trust, reputation, loyalty, and satisfaction. In that case, it will be an instrumental finding for banks' competitive strategies.

To achieve customer satisfaction, one needs to determine what it entails. There are clear signs of viability to base the research study on both individuals and businesses within South Africa to determine all individual customers and businesses within South Africa to determine all customer needs. Once that's clarified, working on ensuring customer retention would be possible.

3.2.3 Location of the unit of analysis

As discussed in **Chapter One**, the research study would focus on South African banking customers, resulting in respondents with an active banking relationship in South Africa.

As most citizens require a bank account to go about their daily lives, the sector or industry would not be relevant, allowing for a very inclusive group of respondents to participate in the research study.

3.2.4 Accessibility of unit of analysis

After working closely with the researcher's supervisor, the North-West University's Ethical Committee, and the Business School Scientific Committee approved the study and method of data collection (see Annexure A).

A pre-compiled explanation of the study and the questionnaire were sent to the unit of analysis via email and social media platforms. The communication contained a link which allowed them direct access to complete the survey and distribute it to their respective networks to participate (see Annexure A). The purpose and objectives of the study were also clearly highlighted to ensure there was no uncertainty if respondents decided to participate.

3.2.5 Suitability of unit of analysis

As the research study was ring-fenced to only participants with an active South African bank account, they were naturally best placed to provide valuable insights regarding the role of corporate reputation in customer loyalty within the banking sector in South Africa.

The questionnaire was designed in such a manner that allowed the unit of analysis to express their position on various factors (reputation, trust, loyalty, satisfaction) relating to their specific banking relationship with options catering for all possibilities. Given the current environment globally faced by a once-in-a-lifetime pandemic, it was best to distribute questionnaires to the unit of analysis via email and social media platforms. These platforms and channels were also utilised for communicating with the unit of analysis given the convenience factor that it presents. This approach allowed the unit of analysis to complete the questionnaires in their chosen environment with no contact with any parties involved with the process.

The unit of analysis can be divided into two categories: individuals and businesses. As both the units of analysis (individuals and businesses) require banking services in South Africa to operate. They were both considered important units of analysis to respond to the research questions posed.

Even though they are both important to the research study, they are vastly different, especially when looking into their requirements and decision-making processes. By getting

feedback and answers from customers responding as individuals, it may be possible to determine their level of satisfaction and which areas are considered most important to them. There will also be a likelihood of determining why these individuals opted for their respective primary banks and potentially drawing connections between the factors that contributed to their decision-making. Lastly, the results would also determine the level of satisfaction and loyalty towards their respective banks and how likely these customers would be to sign up with a competitor in the next 12-24 months.

It is important to incorporate business customers as well as part of the unit of analysis. This is because business customers often depend more on banks to ensure their daily business activities operate smoothly regarding the services provided by banks. Business customers are often more reluctant to switch between banks as they have to undergo a far more admin-intensive process which often disrupts their operations and customers.

Customer service is important to both individual and business customers. However, business customers often opt for a banking relationship with direct, easy and reliable access to private bankers that would ensure any issues that may arise are a phone call away from being solved.

3.2.6 Sample and sampling procedure

To determine the most effective and appropriate method for this research study, the researcher needed to consider both the probability and non-probability methods. Probability sampling means that every member of the target population has a known chance of being included in the sample. In non-probability sampling, the sample is selected based on non-random criteria, and not every member of the population has a chance of being included (Bryman *et al.*, 2014).

According to William (2016), the main difference between probability and non-probability sampling is that non-probability sampling does not include random selection, whereas probability sampling does. Given that this study relied on questionnaires distributed and completed randomly by the study population, the preferred method was probability sampling.

With a probability sampling method, each respondent forming part of the population group will get an equal and fair chance of participating in the research study. There are five different methods of random probability sampling: (1) simple, (2) stratified, (3) systematic and (4) cluster. When the simple sampling methods are combined to achieve more effective and efficient outcomes to allow for the sampling needs to be achieved, it is known as (5) multi-stage sampling (William, 2016). After taking a closer look at option three (3), systematic sampling it was noted this method allows the researcher to develop samples without being forced to use a random number generator (William, 2016).

A biased sample would not play a role and therefore be mitigated as random individuals distribute the questionnaires to respondents. This methodology limits the probability for specific groups to be over- or under-represented. Probability sampling is also known for reducing sampling error and allowing for inferential stats (Bryman *et al.*, 2014).

3.2.7 Data collection

As discussed in **Chapter One**, the researcher was not the sole distributor of questionnaires to ensure the research study limits the possibility of bias and conflict of interest as far as possible. Therefore, the researcher, together with his network, contacted the respondents.

The questionnaire predominantly consisted of close-ended multiple-choice questions based on the five-point Likert scale and clear and concise instructions. Therefore, it was easy for most respondents to participate without much communication from the researcher. The consent form and questionnaire were sent automatically to the respondents.

Communication between the distributors of the questionnaires and the participants was limited for the study, together with confidentiality, as instructions were clear on the questionnaire. However, in those specified instances where communication was required, it was conducted via online platforms such as email, social media, google forms or direct phone calls.

3.2.8 Statistical analysis and decision criteria

Quantitative methods were used to analyse the data, specifically IBMSPSS 27.0 for Windows (IBM SPSS Inc., 2012), a statistical tool. Several quantitative statistical methods were employed. These included:

- Cronbach Alpha's reliability coefficient
- Kaiser-Meyer –Olkin measure of sampling adequacy
- Bartlett's test of sphericity
- Exploratory factor analysis
- Structural equation modelling / Confirmatory factor analysis

These methods were chosen due to their superiority in offering statistical procedures for data analysis. Cronbach alpha coefficients were obtained for each factor to assess its reliability and guarantee internal consistency. The Bartlett test checks whether the data is appropriate to be submitted to multivariate statistical analysis, such as factor analysis, whereas the KMO measure analyses the data collected to determine whether the sample size is sufficient to apply multivariate analysis.

3.2.9 Ethical considerations

The topic of this research study was not intrusive in any manner as the topics are expected to be closely correlated to the respondents' factors influencing their choice of a bank to bank with. During this research study, there was no focus on any form of a vulnerable group/community, and no preference was given to any specific group/community.

All respondents addressed all relevant ethical concerns (recruitment, data collection, data analysis, and storing of data) were necessary during the informed consent section (section one).

There is a new guideline regarding the POPIA Act, which would be considered and obeyed at all times with the guidance of the North-West University Business School supervisors.

According to Bryman *et al.* (2014), research ethics becomes extremely important when the researcher is planning on involving people together with other factors such as

demographics. Therefore, the respondents will all be informed of the study's purpose for this research study.

Respondents participated in the study voluntarily. There was no limited time frame for respondents to complete the questionnaire. However, no questionnaire responses were allowed after the 31st of August 2022.

If the respondents at any stage wanted to withdraw from the study, they could do so. The researcher explained to the respondents how the data would be analysed and safeguarded to avoid any breach in confidentiality.

The data will be stored in a cloud platform under the researcher's password protection domain and deleted after five years. To avoid complications, bias, conflict, or additional costs to conducting the study, the researcher opted not to incentivise the respondents.

The researcher opted not to use any names or personal information. Therefore, the respondents participated anonymously. No confidentiality breach occurred or rules transgressed in the study.

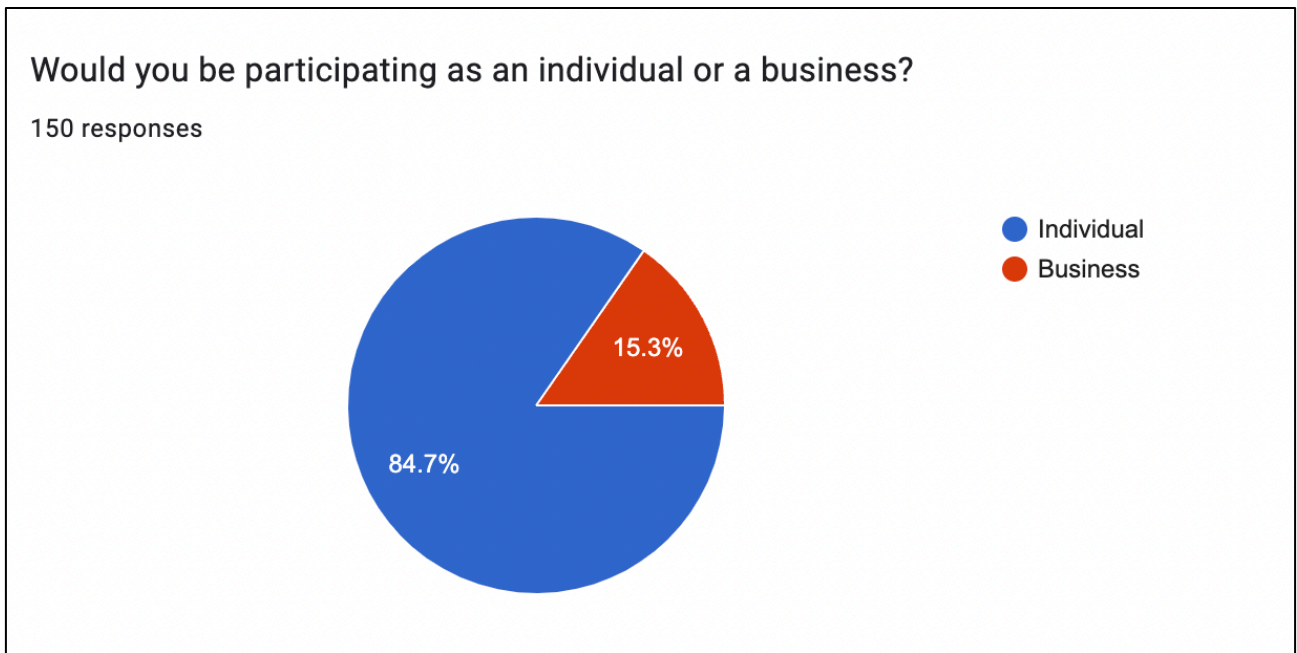
Customers who freely participated in the survey had their personal information handled properly, legally, and solely for the study. The customer's personal responses were not attributed to any South African bank account holder, business, or bank. The survey's interpretation was supported by impartial objectivity.

The North-West University's Ethical Committee reviewed this study to ensure that it complied with its criteria for scientific and ethical conduct (Faculty Economic and Management Sciences). The study was given the committee's blessing and was labelled a minimal risk study; an ethics number particular to that study, **NWU-00634-22-A4**, was provided. The study was conducted without violating norms, confidentiality, or privacy.

3.3 RESULTS

The data collected in this study consists of data from individuals and businesses who hold active bank accounts in South Africa. A total of 150 participants completed the questionnaire, consisting of 127 individuals and 23 business participants.

Figure 23: Number of individuals and businesses participating



Descriptive statistics, the (dis)similarity between the two groups using effect size, and exploratory factor analysis as a multivariate technique are all included in determining if the data have any hidden meaning. The investigation also investigated the reliability of the data and any noteworthy correlations between the variables.

The results section will further discuss the antecedents' measured criteria, the sample's adequacy, the variance explained, and the reliability calculated. Exploratory factor analysis is performed on each antecedent's measuring criteria to see if those criteria assess the antecedent. The antecedent found in the literature should ideally satisfy all criteria; this indicates that it is genuine and a pure construct without embedded sub-constructs. This suggests that the pertinent criteria only evaluate one construct.

3.3.1 Biographic information

The biographic information of the businesses and the individual participants appear in the table below.

Table 6: Biographic Information

Variable		Frequency	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Are you older than 18-years?					
Valid	Yes	150	100.0	100.0	100.0
Do you have an active bank account in South Africa, earning a form of income (salary) from an employer or are you self-employed?					
Valid	No	5	3.3	3.3	3.3
	Yes	145	96.7	96.7	100.0
	Total	150	100.0	100.0	
Would you be participating as an individual or a business?					
Valid	Business	23	15.3	15.3	15.3
	Individual	127	84.7	84.7	100.0
	Total	150	100.0	100.0	
I am giving my consent that the data can be used for research purposes, and I am willing to participate:					
Valid	No	1	.7	.7	.7
	Yes	149	99.3	99.3	100.0
	Total	150	100.0	100.0	
Gender:					
Valid	Female	75	50.0	50.0	50.0
	Male	72	48.0	48.0	98.0
	Prefer not to say	3	2.0	2.0	100.0
	Total	150	100.0	100.0	

To participate, the participants had to confirm that they were 18 years and older. A total of 99.3% provided consent to participate in the research study. The biographic information table above confirms that 100% of respondents were 18 or older. From the 150 responses received, 127 (84.7%) responded in their personal capacity (individuals) and 23 (15.3%) responded from a business owner perspective. With regards to gender participation, it was very evenly balanced, with 75 (50%) females, 72 (48%) males, and 3 (2%) “prefer not to say” responding.

Naturally, there would be expected to have been more individuals responding than businesses, as noted in the biographic information table above.

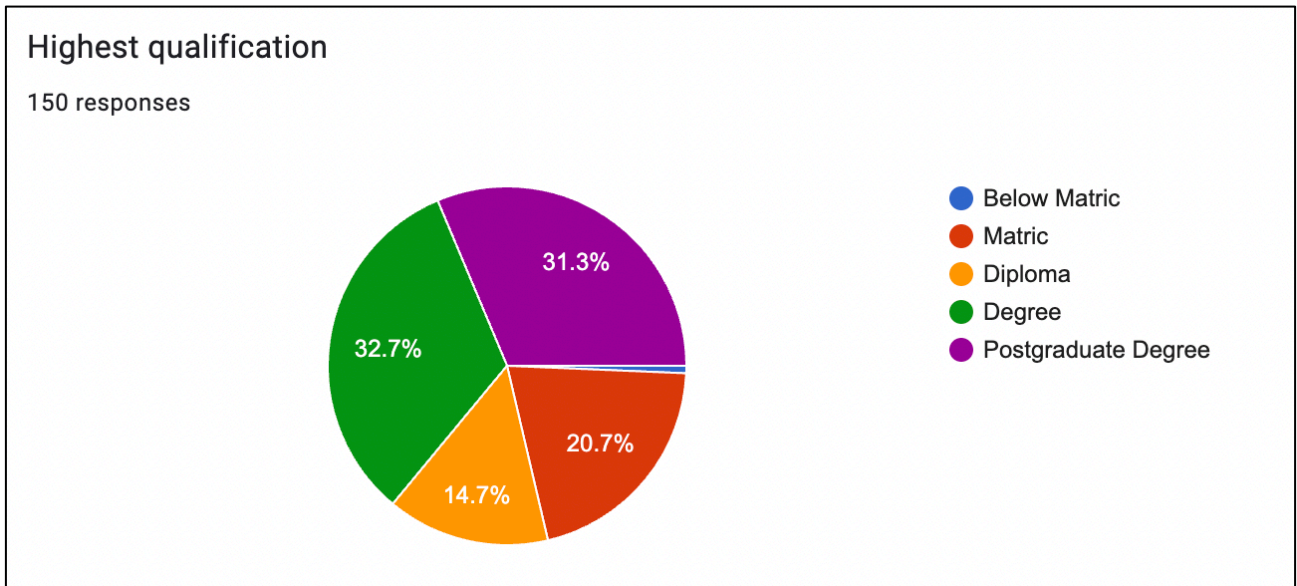
Table 7: Biographic Information

Variable		Frequency	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Home language					
Valid	Afrikaans	89	59.3	59.3	59.3
	English	55	36.7	36.7	96
	Other	6	4.2	4.2	100
	Total	150	100	100	
Highest qualification					
Valid	Below Matric	1	.7	.7	.7
	Degree	49	32.7	32.7	33.3
	Diploma	22	14.7	14.7	48.0
	Matric	31	20.7	20.7	68.7
	Postgraduate Degree	47	31.3	31.3	100.0
	Total	150	100.0	100.0	

Table 7 revealed the home languages of the respondents consisted of a total of 89 (59.3%) Afrikaans, 55 (36.7) English, and 6 (4.2%) “other”.

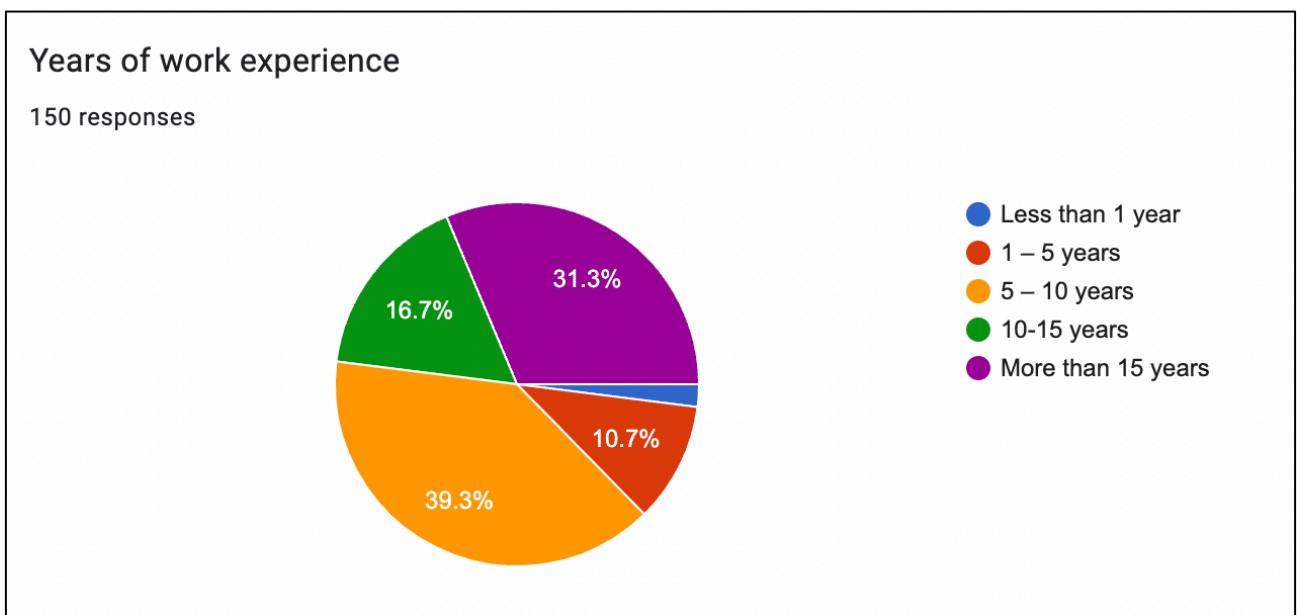
Very important was that the majority (32.7%) of the respondents' highest qualification was listed as an official degree, followed by a postgraduate degree making up 31.3%.

Figure 24: Highest qualification obtained



A total of 99.3% of respondents had at least a matric, making up a well-educated sample of respondents in the study.

Figure 25: Years of working experience



87.3% of respondents had at more than 5 years of working experience, offering a well-experienced sample of respondents in the study.

Table 8: Biographic Information

Variable		Frequency	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Years of work experience					
Valid	1 – 5 years	16	10.7	10.7	10.7
	10-15 years	25	16.7	16.7	27.3
	5 – 10 years	59	39.3	39.3	66.7
	Less than 1 year	3	2.0	2.0	68.7
	More than 15 years	47	31.3	31.3	100.0
	Total	150	100.0	100.0	
Level of employment					
Valid	Junior	11	7.3	7.3	7.3
	Middle	47	31.3	31.3	38.7
	Senior	69	46.0	46.0	84.7
	Specialist	17	11.3	11.3	96.0
	Unsure	6	4.0	4.0	100.0
	Total	150	100.0	100.0	

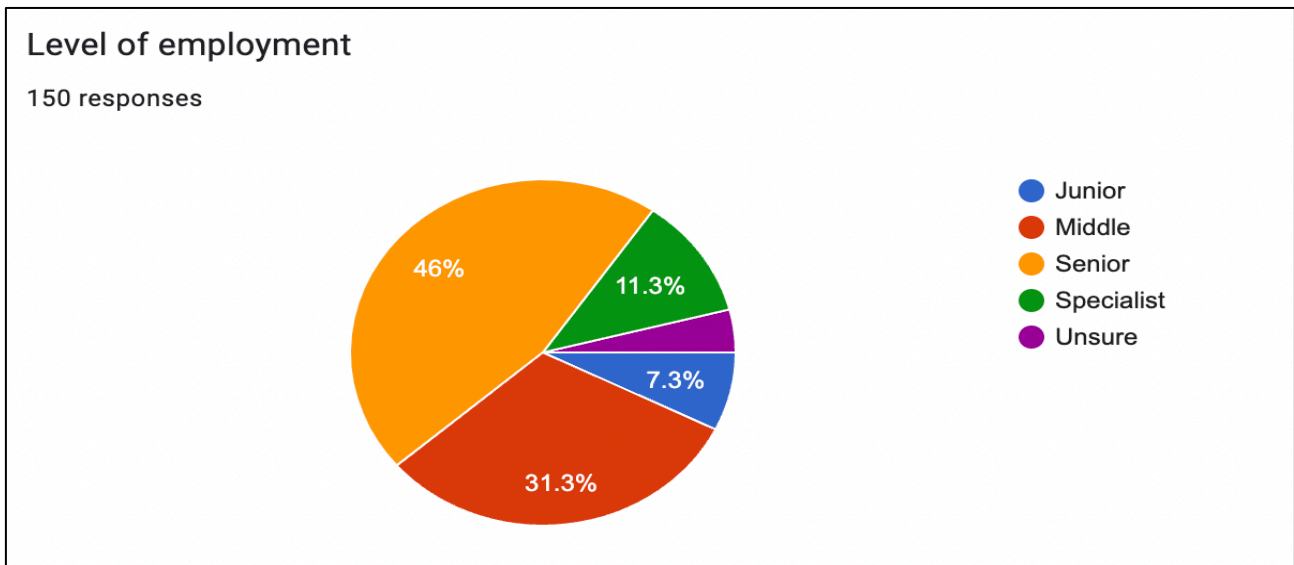
If participating in a business capacity, please indicate how many employees are currently employed at your business. Ranges may be used, for example, 5 or less, 5-100, 100-1000, 1000-10000, or 10000 or more.					
Valid	100-1000 Employees	6	4.0	4.0	4.0
	1000 - 10000 Employees	3	2.0	2.0	6.0
	10000 or more Employees	4	2.7	2.7	8.7
	5-100 Employees	13	8.7	8.7	17.3
	Individual	113	75.3	75.3	92.7
	Less than 5 Employees	11	7.3	7.3	100.0
	Total	150	100.0	100.0	

Table 8 above shows that of the 150 respondents, 106 (70.6%) had more than five years of work experience. A small (2%) number of respondents revealed they had less than 1-year work experience.

Further to the above, it was also noted that a total of 69 (46%) of respondents currently held a senior-level position at their current employers or businesses, followed by 47 (31.3%) holding a mid-level position.

The business owners were mostly represented (8.7%) by businesses employing between 5-100 staff members, followed by 11 (7.3%) with less than five staff members.

Figure 26: Level of employment



Some 88.6% of respondents specified a level of employment higher than junior.

Table 9: Biographic Information

Variable		Frequency	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Primary bank					
Valid	ABSA	30	20.0	20.0	20.0
	Capitec	7	4.7	4.7	24.7
	FNB	73	48.7	48.7	73.3
	Nedbank	13	8.7	8.7	82.0
	Other	14	9.3	9.3	91.3
	Standard Bank	13	8.7	8.7	100.0
	Total	150	100.0	100.0	
If you answered "other" to the previous question, please specify your primary bank below.					
Valid		136	90.7	90.7	90.7
	Bank Windhoek	2	1.3	1.3	92.0
	Capitec	1	.7	.7	92.7
	Discovery	4	2.7	2.7	95.3

Discovery Bank	2	1.3	1.3	96.7
Investec	5	3.3	3.3	100.0
Total	150	100.0	100.0	

Lastly, table 9 revealed the majority and most popular bank based on the 150 responses was First National Bank (FNB), making up 73 (48.7%) of all respondents. ABSA Bank was the closest to FNB with only 30 (20%). Of the top five banks identified, Capitec had the smallest number of respondents participating. Overall the total group of respondents noted an excellent variety of participants from all the major banks currently in South Africa.

Figure 27: Participants' Age (Years)

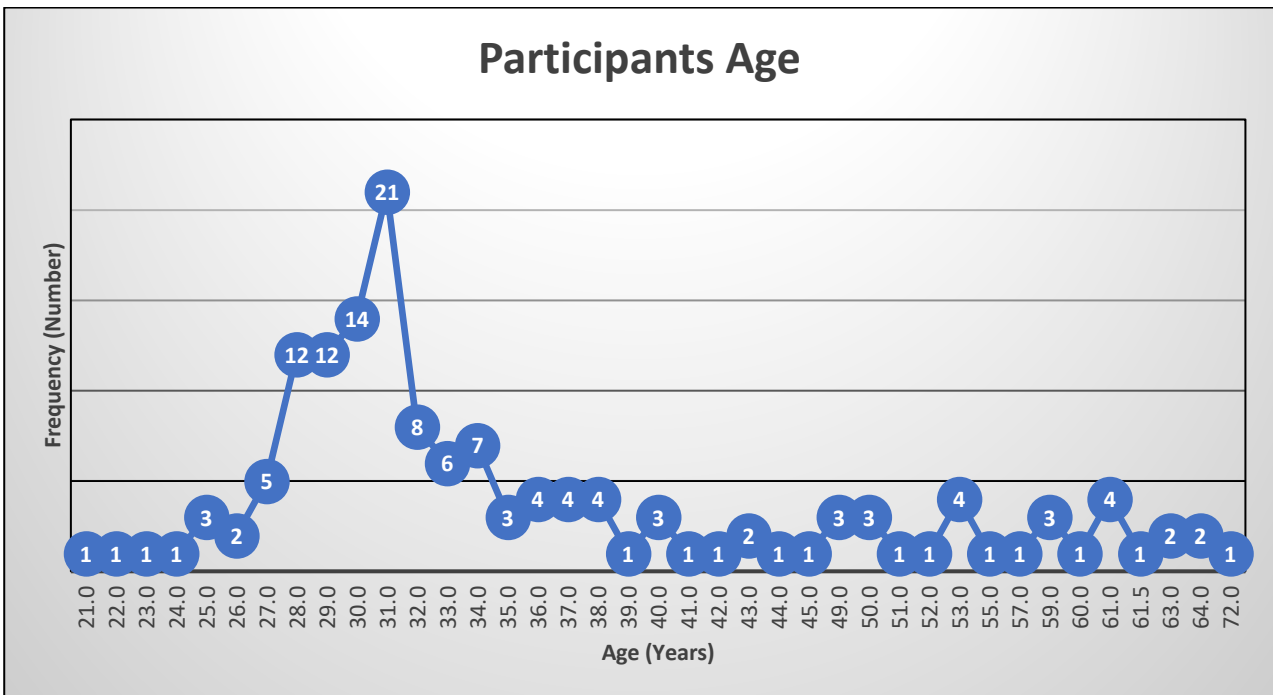


Figure 27 above shows the wide range of participants making up the 150 responses received. The majority (14%) of participants were noted to be 31 years of age, followed by 30 years old, making up 9.3%. It should also be noted that the participants ranged from 21 years old to 72 years old.

3.3.2 Suitability of the data

Data appropriate for multivariate analysis are necessary for successful factor analysis research. An adequate sample, and low sphericity qualities the data for multivariate statistical analysis. The Kaiser-Meyer-Olkin tests were employed in this study to assess whether the data were appropriate for factor analysis (Barnard, 2019).

Table 5 below displays the results that evaluate the reliability of the antecedents while at the same time ensuring that the data is suitable for use in validating eh model.

3.3.3 KMO and Bartlett's Test

As mentioned above, by looking at the Kaiser-Meyer-Olkin (KMO), it is possible to assess the sample accuracy. The KMO measure of sampling adequacy was calculated to assess the sample's (in this case, the number of respondents in the population (Field, 2013:695).

The KMO sampling adequacy metric looks at whether there is a strong enough association between the variables to continue with factor analysis (Field, 2013:695-696). The range of the K-M-O statistic is 0 to 1. A value close to 1 indicates that correlation patterns are relatively compact, and factor analysis should produce distinct, reliable factors. A value of 0 indicates that the sum of partial correlations is large relative to the sum of correlations, indicating diffusion in the pattern of correlations. For a given sample size, factor analysis is more reliable with a higher KMO value. According to Field (2013), it is stated that the factor analysis is probably not appropriate for values below 0.5. When faced with such lower levels, further data should be gathered, or alternative factors may be chosen for study.

The sphericity of the data was also assessed using the Bartlett test of sphericity. To assess whether the data are appropriate for exploratory factor analysis, (Aldahmash *et al.*, 2017), state that low sphericity (less than 0.05) and high sample adequacy (higher than or equal to 0.70) are necessary. The results can be seen in table 10 below.

Table 10: KMO and Bartlett's Test

Kaiser-Meyer-Olkin and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.888
Bartlett's Test of Sphericity	Approx. Chi-Square	2100.483
	Df	300
	Sig.	.000

Source: (Field, 2013)

The Bartlett sphericity test tests a matrix's proportionality to the identity matrix. It also reveals whether the data are appropriate and guarantees that they can be used for factor analysis (Field, 2013:695). Accordingly, the Bartlett test of sphericity is a measure of the strength of the link between variables and the acceptability of data for a multivariate statistical technique like factor analysis (Naidoo, 2011).

In table 10 above, the KMO measure shows a value of 0.888. This result indicates that the sample is adequate (Field, 2013). Further, Bartlett's Test of Sphericity is significant ($p \leq 0.05$).

3.3.4 Reliability of the data

The reliability as per Cronbach's coefficient alpha is shown in table 11.

Table 11: Reliability of the Data

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	Number of Items
.830	.842	25

The reliability and internal consistency of the data are assessed using Cronbach's alpha coefficients. Cronbach's alpha coefficient is a measure of dependability and internal consistency; the closer it is to 1.00, the better; a coefficient of .70 or above is preferred (Pallant, 2020:10). According to Goforth (2015), an alpha coefficient below .50 is typically

unsatisfactory. By using this standard, all the antecedents are considered trustworthy (Goforth, 2015).

As the questionnaire was used as the main instrument to collect data for the research study, it is important and required to ensure the data collected is tested for reliability and validity. Reliability is high, as shown in Table 11. This dataset has a favourable and acceptable alpha coefficient ($\alpha \geq 0.70$) of 0.842. Therefore, overall, the data to measure the antecedents are considered reliable and internally consistent.

3.3.5 Scores and model antecedents

Tables 12 to 16 show the individuals' and businesses' mean values for each category.

Table 12: Reputational Risk in Banking

Criteria	Mean	Std. Deviation
(REP1) – Your bank's reputation in the public's eye	4.027	.9192
(REP2) – Banks' reputation influencing your decision to sign up.	3.573	1.1606
(REP3) – The impact of negative publicity prompting you to switch banks	3.227	1.2214
(REP4) – Would a corporate scandal deter you from signing up	3.800	1.1872
(REP5) – Would you be comfortable admitting who you bank with after recent negative news	3.240	1.2461
(REP6) – Impact of senior management changes on your decision to sign up	2.453	1.2617
Mean Value	3.386	

From the results obtained from Table 12 and Figure 28, respondents made it clear that:

- They perceive their primary banks to have a good reputation in the public's eye
- a corporate scandal will affect their decision-making to sign up with a specific bank
- and their current banks perceived public reputation played a role in their decision to bank with them initially

Overall feedback from respondents appears to consider a bank’s reputation to play an important role in their decision-making, especially before being onboarded with their primary bank.

It seems as if the respondents are less impacted post-onboarding by negative events surrounding their current bank. However, it still plays a role and affects the customers.

Figure 28: Reputation

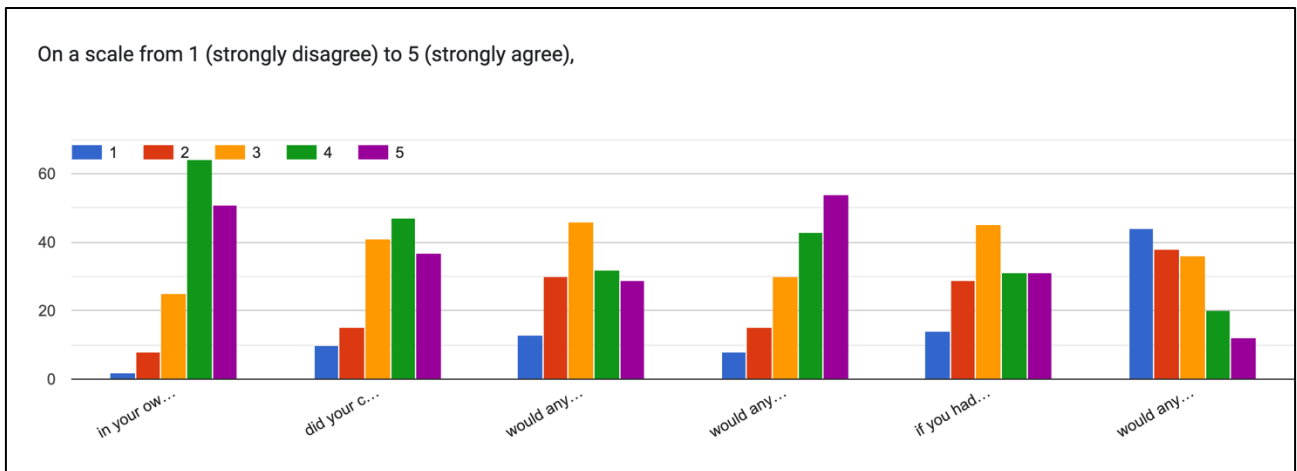


Table 13: Trust in Banking

Criteria	Mean	Std. Deviation	Number
(TRUST1) – Do you trust your current bank with your savings?	3.727	1.0548	150
(TRUST2) – Are you comfortable transacting with a bank branded as corrupt	1.380	.8247	150
(TRUST3) – Impact of employee competency on your trust towards the bank	3.847	1.1913	150
(TRUST4) – The impact of non-compliance with regulators on your trust towards a bank	4.087	1.0987	150
(TRUST5) – Would a data breach impact your comfort in signing up	1.913	1.1109	150
(TRUST6) – High level of trust forming a buffer against negative experiences	3.533	1.0848	150
Mean Value	2.4		

Table 13 and Figure 29 refer to the trust in banking by the respondents. Further to the above, respondent's feedback highlighted the following regarding trust:

- The impact of non-compliance with regulators will have a significant impact on their trust towards their respective banks and may be detrimental to the actual bank
- A high level of discomfort to transact with a bank being perceived or branded by the public as corrupt
- Respondents indicated the importance of data protection and their discomfort in sharing any details or signing up if they are not convinced their data would be kept safe
- Lack of employee competency levels will have an influence on respondent's trust levels towards their respective banks

Based on the feedback received from respondents, trust can be considered one of the main elements by customers when they need to make decisions about their primary bank.

Trust impacts the onboarding of new customers and lets current customers willingly share information and data, which should be considered important by all banks. This will ultimately form the intelligence of the banks.

Figure 29: Trust

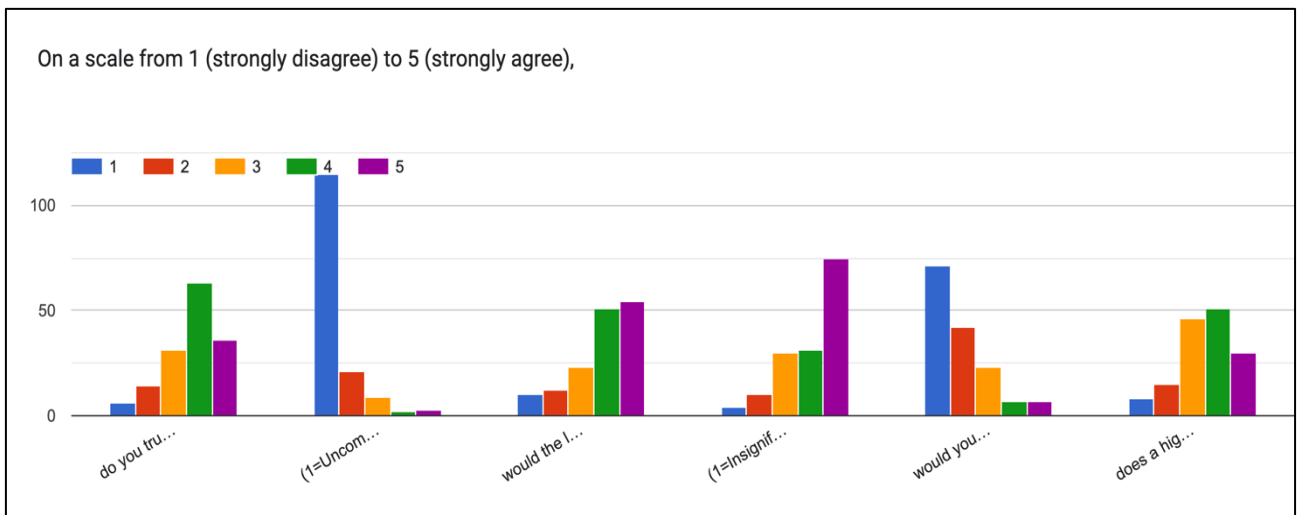


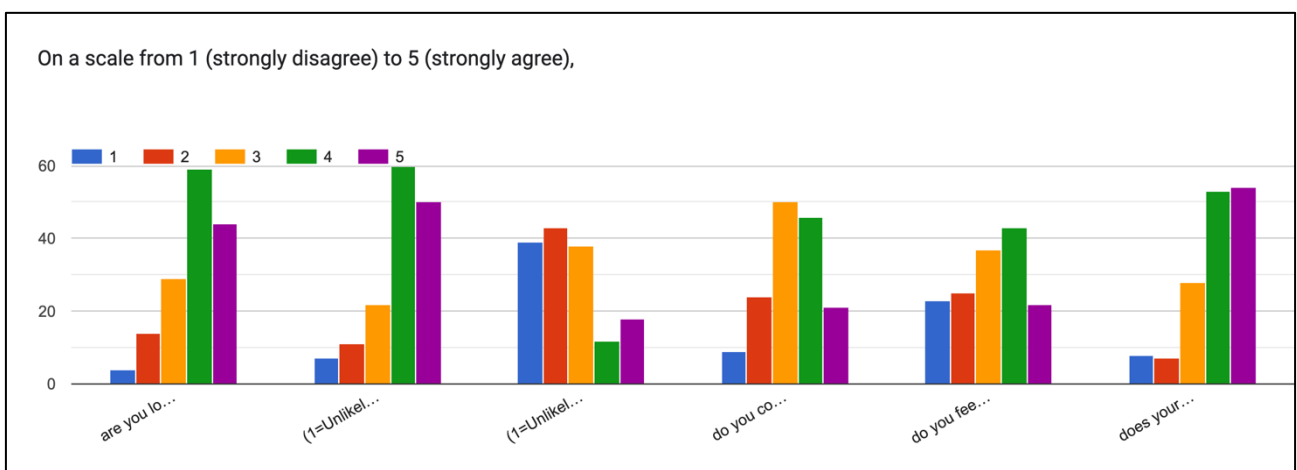
Table 14: Customer Loyalty in Banking

Criteria	Mean	Std. Deviation	Number
(LOYAL1) – Level of loyalty towards bank	3.833	1.0390	150
(LOYAL2) – Likelihood of recommending your current bank to others	3.900	1.0915	150
(LOYAL3) – Likelihood to sign up with another bank in 24 months	2.513	1.2888	150
(LOYAL5) – Does the banks level of assistance contribute towards your loyalty to them	3.307	1.0865	150
(LOYAL6) – The impact customer service has on loyalty	3.107	1.2857	150
Mean Value	3.332		

From the results obtained from table 14 and figure 30, it is clear that most of the respondents opted to bank with the bank, they are comfortable recommending and referring friends and relatives too.

This also explains why the respondents indicated high levels of loyalty towards their current banks and a low level of any indication of switching from their current bank to an alternative in the next 24 months.

Figure 30: Loyalty



Respondents did indicate that high levels of assistance provided by their banks combined with good customer service will also add to their level of loyalty towards their primary bank.

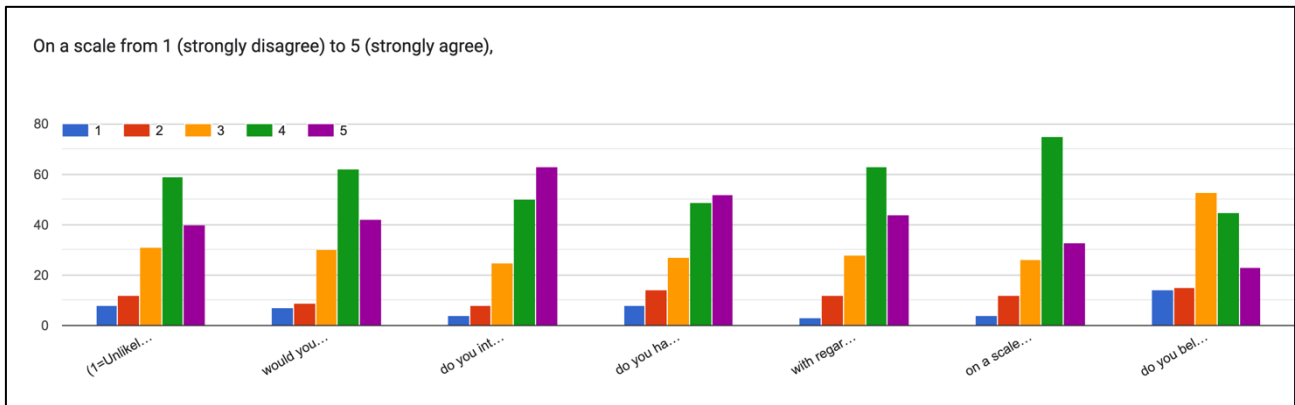
Table 15: Customer Service in Banking

Criteria	Mean	Std. Deviation	Number
(SERVICE1) – The likelihood of you spreading positive news about your bank	3.920	1.1023	150
(SERVICE2) – Would you suggest friends/relatives do business with your bank	3.740	1.1017	150
(SERVICE3) – Intention to remain with your current bank	3.820	1.0560	150
(SERVICE4) – Customer needs and requirements are met, customer centricity	4.067	1.0210	150
Mean Value	3.886		

From the results obtained from table 15 and figure 31, which refers to customer service in banking, respondents made it clear that:

- The respondents predominantly (4.067) believed that their needs and requirements were considered their bank's main priority resulting in customer-centricity
- A high likelihood (3.920) of spreading positive news about their respective banks to friends and relatives due to their high levels of customer service (satisfaction) experienced

Figure 31: Customer Service and Satisfaction



Overall feedback received from respondents indicated that customer service plays an important role in their decision to either sign up or even remain with their current banking provider. There are also indications that respondents seem to rely on customer service when evaluating their level of customer satisfaction.

Table 16: Customer Satisfaction in Banking

Criteria	Mean	Std. Deviation	Number
(SAT1) - Intention to remain with your current bank	3.820	1.1648	150
(SAT2) – Did your bank satisfy your requirements regarding services/products	3.887	.9867	150
(SAT3) – Level of satisfaction towards your current bank	3.807	.9603	150
(SAT4) – Banking requirements were met, resulting in customer-centricity	3.320	1.1371	150
Mean Value	3.708		

Table 16 refers to customer satisfaction in banking. Further to the above, respondents feedback highlighted those high levels of customer satisfaction will encourage the customers to spread positive news and refer their respective banking providers to friends and relatives.

Respondents also indicated an excellent reason they are primarily banked with their respective banks, making it easy for them to specify their high satisfaction levels. It is possible to assume that due to the customers paying for their respective services and products, they would opt to join the service provider they best believe will satisfy their needs.

Not only does customer-centricity play an important role, but it influences the customer decision to remain with their respective banks, spread positive things (WOM), and encourage and refer others to sign up, which ultimate all ties back to the major impact and influence loyal customers can have on your bank.

3.3.6 Exploratory factor analysis

Field (2005:749) indicates Varimax method of orthogonal rotation seeks to maximise the dispersion of factor loadings and produce easier clusters of factors to understand. As such, it is ideally suited for exploratory research (like this study). Significant factor loadings of 0.40 and higher are retained in the study (Suhr, 2006).

Table 17 below shows that four elements were placed into 22 of the 23 assertions. The sole statement that did not load onto a specific factor with a minimum factor loading of 0.40 was

discarded. The factor loadings are displayed in table 17. The cumulative variance explained by the four factors (53.3%) is noteworthy because it exceeds the required 50% (Field, 2017).

Table 17: Exploratory Factor Analysis

Number	Statements	Factors			
		1	2	3	4
E2	(SERVICE2)	.892			
E7	(SAT3)	.887			
E3	(SERVICE3)	.887			
E5	(SAT1)	.864			
D2	(LOYAL2)	.860			
E2	(SAT2)	.850			
E7	(SAT4)	.818			
E4	(SERVICE4)	.811			
D1	(LOYAL1)	.691			
D6	(LOYAL6)	.651			
C1	(TRUST1)	.636			
B1	(REP1)	.568			
D5	(LOYAL5)	.542			
D3	(LOYAL3)	-.511			
E1	(SERVICE1)	.418			
B3	(REP3)		.780		
B6	(REP6)		.684		
B4	(REP4)		.588		
C4	(TRUST4)			.754	
C3	(TRUST3)			.733	
B5	(REP5)				.701
C6	(TRUST6)				.628
C5	(TRUST5)				.548

Factor 1: importance of customer service and satisfaction in relation to customer loyalty

A total of 15 statements, namely statements B1, C1, D1, D2, D3, D5, D6, E1, E2, E3, E4, E5, E6, and E7 loaded on factor 1. The statements under factor 1 consist of a combination

of reputational, trust, loyalty, customer service and customer satisfaction statements. From the 15 statements making up factor 1, and 14 statements had a factor loading above 0.40, suggesting a higher level of importance by the respondents. Only 1 statement (D3) provided a negative factor loading. The statement was inverted in its interpretation to accommodate the negative loading.

A total of 8 statements (D2, E1, E2, E3, E4, E5, E7) had a factor loading of more than 0.7, suggesting a high level of importance and significance to the respondents. As these statements predominantly consist of customer service and satisfaction with an element of loyalty connected, factor 4 was labelled as the importance of customer service and customer satisfaction concerning customer loyalty. Factor 1 also had the highest variance factor of 34.17%.

Factor 1 reiterates the importance of customer service and satisfaction concerning customer loyalty. In chapter 2, it was discussed in detail why these antecedents are instrumental within the banking sector and that they could contribute towards a potential competitive advantage. According to Arslan (2020), one of the essential objectives that organisations strive to accomplish is customer loyalty. Customers loyal to a business can be a financial source of income for them and influence those around them with their recommendations and incentives, allowing the company to attract new clients more affordably. As a result, building customer loyalty offers a significant competitive advantage, prevents customer attrition, secures revenue sources, and makes it simpler to acquire new clients.

Factor 2: impact of negative publicity on the reputation

Factor 2 consists of three statements, namely: B3, B4 and B6. Statement B3 had a factor loading above .7, suggesting a high level of importance by the respondents. Statement B4 and B6 have a factor loading below .7, but well in excess of the cut-off factor loading of .40. Thus, all three statements are considered important and highly relevant to factor 3.

All three statements related to the reputational elements of the banking sector respondents. All three elements refer to negative and unexpected events that the public may become aware of. This relates to negative publicity, corporate scandals and unexpected and sudden changes in senior management. This factor is thus labelled the impact of negative publicity on the reputation. Factor 2 explains a variance of 7.50% (see Table 17).

Given the results received and highlighted above, it is important to refer back to Chapter 2. Negative WOM damages a bank's brand reputation. Additionally, it damages a company's financial bottom line (Doctor Genius Team, 2020).

Factor 3: importance of regulatory compliance in trust

Two statements, namely: C3 and C4 loaded on factor 3. These two statements deal with trust per se that the respondents have towards their respective banks. The trust elements refer to the importance of compliance with regulators and high levels of employee competency with customers being serviced. This factor is labelled the importance of regulatory compliance in trust as the feedback from respondents considers non-compliance as a non-negotiable and significantly important.

Both statements reflected a factor loading of more than 0.7, suggesting a high significance by the respondents. Factor 3 explains a variance of 7.11% (see Table 17).

Factor 4: importance of trust and reputation

Three statements, namely: B5, C5 and C6 loaded on factor 4. These three statements deal with a reputational element and how certain factors impact the trust by the respondents towards their respective banks. The reputational element covers the impact of negative news on your primary bank. The trust element speaks to how comfortable customers are with sharing data after data breach concerns and negative experiences. This factor has thus labelled the importance of trust and reputation because they both tie into one another, and if one is influenced, it will flow over to the other one indirectly.

Statement B5 reflect a factor loading of 0.71, suggesting that respondents regard this factor as very significant. Statements C5 and C6 had a factor loading above 0.40 suggesting both statements were relevant and important. Factor 4 explains a variance of 6.54% (see Table 17).

Factors 3 and 4 combine regulatory compliance, trust and reputation within the sector and express each element's importance. Chapter 2 reiterated trust as the cornerstone for the success of a bank. Trust is one of the driving factors in increasing loyalty and directly influences the bank's bottom line. Customers must trust their financial provider to provide

them with the products and services they need (Moneythor, 2021). However, many companies fail because they inadequately address the risks posed to their reputation. Some risks may include (but not limited to) regulatory penalties, a drop in the quality of products and services and poor workplace conduct (Glossop, 2021).

Table 18: Total Variance explained by Factors

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	8.772	35.089	35.089	8.772	35.089	35.089	8.544	34.178	34.178
2	2.562	10.247	45.336	2.562	10.247	45.336	1.876	7.505	41.683
3	1.608	6.434	51.770	1.608	6.434	51.770	1.779	7.117	48.800
4	1.323	5.290	57.060	1.323	5.290	57.060	1.635	6.541	55.340
Extraction Method: Principal Component Analysis.									

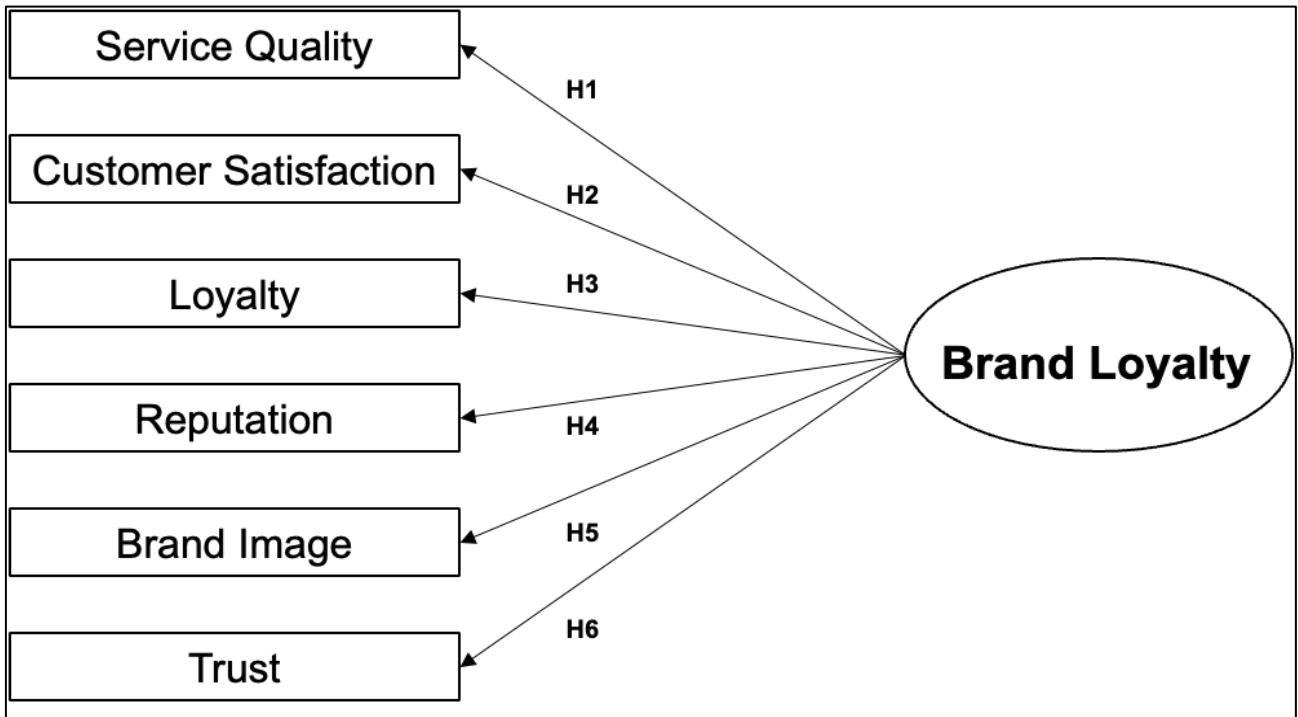
Table 18 above shows that the cumulative variance is 55.34% is marginally below the desired variance explained of 60%, but well above the cut-off 50% margin (Field, 2017).

It further highlights that the respondents considered factor 1 the most significant, with a cumulative factor of 34,17%.

3.4 A STRUCTURAL MODEL OF LOYALTY TOWARDS BANKS

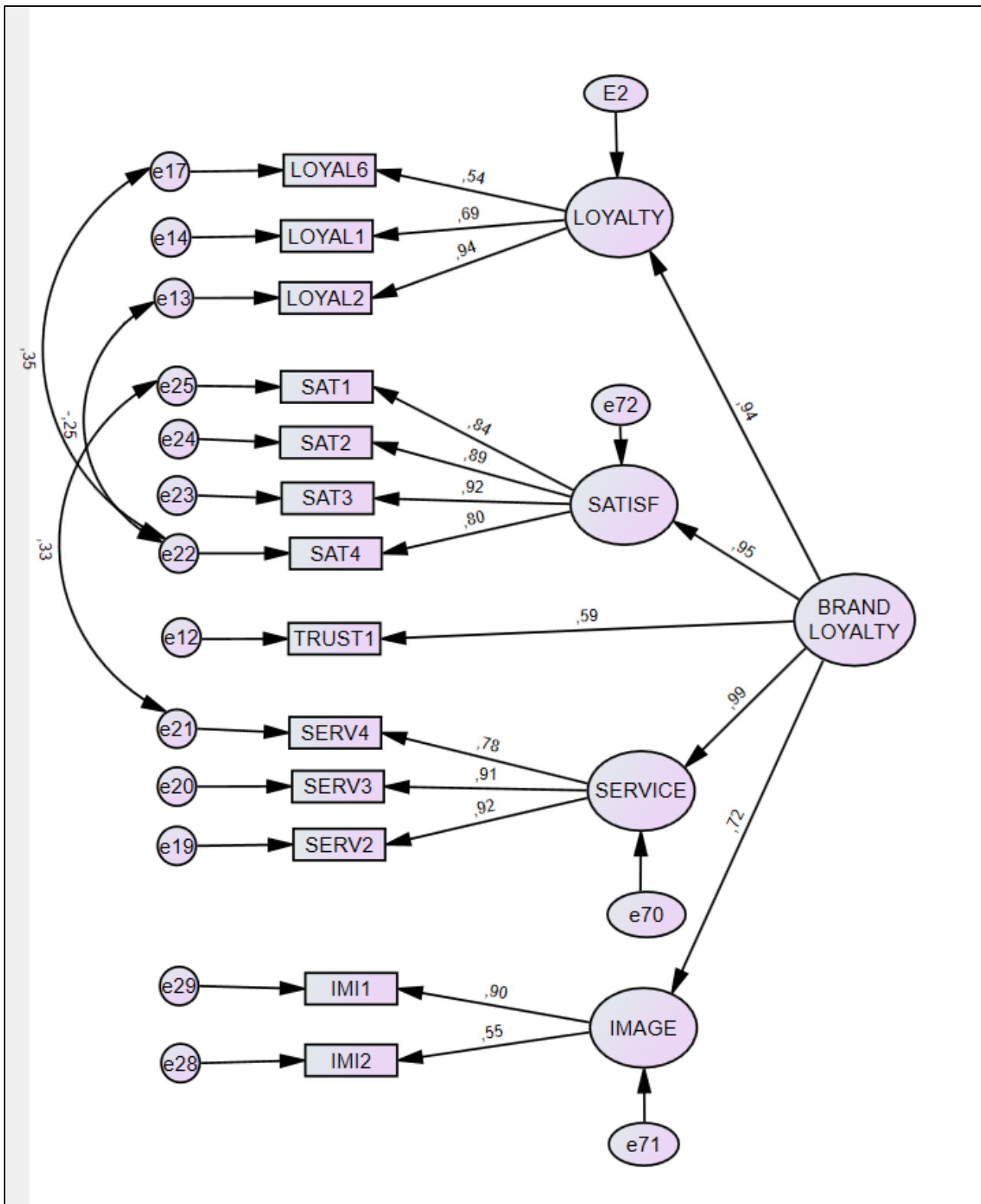
The theoretical model to measure the brand loyalty of banks was developed in chapter 2 (refer to figure 12). This model is now empirically scrutinised to determine its validity and fit.

Figure 32: Factors affecting customer loyalty in the banking sector



Source: (Khokhar, 2019)

Figure 33: Structural model



In the structural model, four of the original six antecedents were retained. The attitudinal antecedents retained are *Loyalty* ($r^2=.94$), *Satisfaction*, *Customer satisfaction* ($r^2=.95$),

Service quality ($r^2=.99$) and *Image* ($r^2=.72$). The antecedent *Reputation* did not show significance ($p \leq .10$) or acceptable regression weight ($r^2=.28$), hence it was discarded from the model. It is also noteworthy that *Trust* as an antecedent of bank brand loyalty, did not have a satisfactory regression weight ($r^2=.42$). Despite strong support from the literature and the fact that the exploratory factors include trust as an underlying factor, this antecedent fails to confirm as individual antecedent in the structural model. However, only one measuring criterion seems to be relevant despite a marginal regression weight ($r^2=.59$) (regression weights of .70 and higher are preferable (Pallant, 2016)). This criterion deals with "...trusting your bank with your life's savings". The criterion is retained because if it lowers model fit on all the indices if it is removed, hence it connects directly to the Brand loyalty of the bank. As a result, this criterion is retained as the literature supports trusting savings with brand loyalty (Bisschoff, 2020:160-170). As suggested by Kumar (2021, such cases should be dealt with in support of the literature.

3.4.1 Validity of the empirical model

A structural model requires construct validity to be fit for use. This is achieved if the model possesses both discriminant and convergent validity. If the Average Variance Explained (AVE) value exceeds 0.5, the decision model contains convergent validity. Loyalty (AVE=.551), Customer satisfaction (.746), Service quality (.761) and Image (AVE=.795) possess convergent validity.

Regarding discriminant validity, the correlation between the antecedents needs to be less than the square root of the AVE for each antecedent (Loyalty=.742; Customer satisfaction=.864; Service quality=.872; and Image=.892).

Table 19: Pearson correlations between antecedents

		Loyalty	Customer Satisfaction	Service quality	Image
Loyalty	Pearson Correlation	1	.652**	.673**	.213**
	Sig. (2-tailed)		.000	.000	.009
	N	150	150	150	150
Customer Satisfaction	Pearson Correlation	.652**	1	.838**	.065
	Sig. (2-tailed)	.000		.000	.430
	N	150	150	150	150
Service quality	Pearson Correlation	.673**	.838**	1	.172*
	Sig. (2-tailed)	.000	.000		.036
	N	150	150	150	150
Image	Pearson Correlation	.213**	.065	.172*	1
	Sig. (2-tailed)	.009	.430	.036	
	N	150	150	150	150
**. Correlation is significant at the 0.01 level (2-tailed). *. Correlation is significant at the 0.05 level (2-tailed).					

All the correlations (see Table 19) between the antecedents are lower than the respective square roots. Therefore, the retained antecedents possess discriminant validity.

Therefore, it is concluded that the model possesses construct validity because both convergent and discriminant validity are satisfactory.

3.4.2 Composite reliability of the model

Composite reliability is used to assess brand loyalty antecedents' internal consistency and reliability (Kumar, 2021). It is not used to calculate reliability coefficients for individual antecedents. In exploratory research, composite reliability values above .60, but preferably above .70, are acceptable. However, composite reliability values above .95 are undesirable (Hamid *et al.*, 2017).

The model to measure brand loyalty of a bank has excellent composite reliability regarding the antecedents Loyalty (CR=.777), Customer satisfaction (CR=.921), Service quality (CR=.905) and Image (CR=.795) (Fornell & Larcker, 1981:39-50). Therefore, the model possessed satisfactory composite reliability (Munim, 2022; Hair *et al.*, 2010).

3.4.3 Model fit analysis

Five goodness-of-model-fit indices are used to evaluate model fit. These indices include measuring incremental fit, non-normed fit, and absolute fit (Kumar, 2019). They are the *Degrees of freedom* (CMIN/df), *Normed Fit index* (NFI), *Comparative fit index* (CFI), *Tucker-Lewis index* (TLI), and *Root Mean Square Error of Approximation* (RMSEA) (Kumar 2019). The CFI and TLI indices measure the incremental fit of a model compared to the baseline model (a baseline model is described as the worst possible fit for a model) (Xia & Yang, 2019). The normed fit is measured using the NFI index, and the Tucker-Lewis index measures the non-normed model fit (Kumar 2019). Finally, RMSEA is an absolute fit index. RMSEA determines the deviation between perfect and hypothesised models (DiStefano and Morgan, 2014). These indices and their respective decision rules and model fit analyses appear in the table below.

Table 20: Goodness of fit indices

Index	Decision rule	Model score	Outcome	Source
Significance	$p \leq 0.05$; $p \leq 0.10$	0.00	Significant	Kumar (2021)
CMIN/df	≤ 5	2.188	Good fit	Kumar (2019; 2021)
CFI	≥ 0.95 ; ≥ 0.85	0.956	Good fit	Bentler (1990)
NFI	≥ 0.90 ; ≥ 0.80	0.922	Good fit	Kumar (2019)
TLI	≥ 0.95 ; ≥ 0.85	0.941	Good fit	Xia and Yang (2019) Tucker and Lewis (1973)
RMSEA	≤ 0.08 ; ≤ 0.10	0.089	Marginal fit	DiStefano and Morgan (2014); Brown and Cudeck (1997)

Source: Bisschoff (2021)

The model is significant at the 95% confidence interval, and all the model fit indices are acceptable. All indices, except RMSEA, have indices larger than the required values as stipulated by the decision rules in the table. These indices all exceed the higher margins; this indicates a good model fit. This model uses the CFI (.956) as the primary fit index, with the NFI index (.922) in support. Both these indicators show a good model fit (Kumar, 2019; Bentler, 1990). The CMIN/df index (129.072/592.188) also shows a very good model fit (Kumar 2019). Tucker-Lewis' index is also acceptable (.941); this is marginally below the desired value of .95, which exceeds the required value of .85 with ease (Tucker & Lewis, 1973). RMSEA has a marginal model fit with an index higher than the desired .08, but still lower than the cut-off of 0.10 (IBM AMOS Corporation, 2021; DiStefano & Morgan, 2014)). It is concluded that the model is acceptable.

3.5 DISCUSSION OF HYPOTHESES

The analysis provides significant evidence to reject H_0 . Multiple significant relationships exist between the antecedents and brand loyalty of a bank. More specifically, the following hypotheses apply to the model to measure the brand loyalty of a bank.

- H_1 : **Accepted.** There is a significant positive relationship between *Service quality* and *Brand loyalty* ($r^2=.99$; $p\leq 0.05$).
- H_2 : **Accepted.** There is a significant positive relationship between *Customer satisfaction* and *Brand loyalty* ($r^2=.95$; $p\leq 0.05$).
- H_3 : **Accepted.** There is a significant positive relationship between *Loyalty* and *Brand loyalty* ($r^2=.28$; $p\leq 0.05$).
- H_4 : **Rejected.** There is a significant positive relationship between *Reputation* and *Brand loyalty* ($r^2=.42$; $p\geq 0.10$).
- H_5 : **Accepted.** There is a significant positive relationship between *Brand image* and *Brand loyalty* ($r^2=.72$; $p\leq 0.05$).
- H_6 : **Rejected.** There is a significant positive relationship between *Trust* and *Brand loyalty* ($r^2=.28$; $p\geq 0.10$).

3.6 SUMMARY

This chapter's goals were to outline the study's methodology and research design and to report on its empirical findings. The chapter highlighted the data collection methodology and study population. Since the study population was the focus, no sample was taken. Some 150 respondents with active bank accounts in South Africa made up the study's sample. The statistical methods employed in the investigation were covered in this chapter. The Cronbach Alpha coefficient determined the trustworthiness of the data. The Kaiser Meyer-Olkin Measure, also known as Sampling Adequacy, was used to evaluate the sampling's suitability. The average and range of the various service quality dimensions were calculated using descriptive and derivative statistics.

The underlying or latent determinants of service quality in the South African banking industry were found using exploratory factor analysis. Additionally, it was used to compare the level and impact of certain elements on the customer's decision-making in South Africa. Validation of the data obtained from the exploratory factor analysis led to identifying the measuring instrument's factors.

The chapter also provided findings, analysis, discussion, and interpretation of the empirical results of this study in the form of tables and figures to address the research objectives and

questions. The analysis and interpretation of the presented results allowed the study's empirical goal to be achieved.

The research study questionnaire's validity and the data are reliable. The chapter also early analyses the study's sample population's biographic information and descriptive statistics. Four determinant factors that represent the significance of corporate reputation concerning customer loyalty, trust and satisfaction within the banking sector were identified using exploratory factor analysis.

The last chapter concludes the study. It offers recommendations, conclusions, future research areas, and a study summary.

CHAPTER 4: CONCLUSIONS AND RECOMMENDATIONS

4.1 INTRODUCTION

Chapter 4 is the final chapter of the research study. The study's conclusion, recommendations, and potential research topics for the future are all addressed in this chapter. The study concludes with a summary of the findings relating to customer loyalty, trust, and satisfaction concerning the analysis of the organization's reputation.

4.2 SUMMARY OF RESULTS

The summarised results obtained from the research study show that the statistical evaluation of the six antecedents demonstrated the following outcome. The following antecedents was accepted from the hypothesis forming and retrieved a significant positive relationship between the following:

- *Service quality and Brand loyalty* ($r^2=.99$; $p\leq 0.05$)
- *Customer satisfaction and Brand loyalty* ($r^2=.95$; $p\leq 0.05$)
- *Loyalty and Brand loyalty* ($r^2=.28$; $p\leq 0.05$)
- *Brand image and Brand loyalty* ($r^2=.72$; $p\leq 0.05$)

Only two of the tested hypotheses were rejected:

- *Reputation and Brand loyalty* ($r^2=.42$; $p\geq 0.10$)
- *Trust and Brand loyalty* ($r^2=.28$; $p\geq 0.10$)

From the outcome highlighted above, it is evident that there is a relationship between brand loyalty and service quality, customer satisfaction, loyalty, and brand image. Additionally, one can collect data quickly and responsibly by leveraging social media as a platform.

It is also safe to say that the five antecedents used in the questionnaire may also be utilised for future research studies to be conducted. However, as an outcome, additional antecedents can be added in future research studies to explore the relationship between customer satisfaction, brand loyalty, and the different platform and engagement strategies.

The research conducted revealed six antecedents, namely service quality, customer satisfaction, customer trust, brand image, reputation (word of mouth), and customer loyalty, which is well known for having a positive impact on brand loyalty.

When evaluating the reputational risk and brand image in banking, it becomes evident that customers are more likely to be influenced when making decisions before being onboarded than post-onboarding. Once customers are onboarded, it appears as if they become more resilient to negative news and events about their respective service providers.

It is well-known that two sub-factors, namely "listening to others" and "sharing with others," contribute to this antecedent when examining word-of-mouth or a brand community. Additionally, there are two sub-factors under merchandising and visibility: "advice or in-store recommendations" and "support- and store-related concerns".

Regression analysis was used to quantify brand loyalty, revealing that, except for antecedents 4 and 5, trust and reputation, all other independent variables were significant in the analysis. This suggests that the impact of these independent variables on the respondents' brand loyalty in this study would be negligible.

Exploratory factor analysis revealed that four factors were identified. The identification of subfactors categorised inside antecedents made this observation clear. The parallel analysis demonstrates that this study can confidently maintain all four factors. Five goodness-of-model-fit indicators are used in this study, and it is determined that the model fits the data well.

The importance of customer service and satisfaction in relation to customer loyalty (Factor 1), the impact of negative publicity on reputation (Factor 2), the importance of regulatory compliance in trust (Factor 3), and the importance of trust and reputation (Factor 4), can confidently be retained in this study.

4.3 CONCLUSIONS AND RECOMMENDATIONS

4.3.1 Research Methodology

Conclusion 1:

The study thoroughly reviewed the theory on brand loyalty and its determinants. A tested model was chosen from this study to serve as the basis for the empirical research. Similar to how theory directs the researcher to pertinent questions for the online questionnaire. Thus, conducting strong theoretical research led to the development of a valuable research instrument.

Recommendation 1:

It is advised that future researchers recognise the need of a good theoretical study since it will direct them toward a strong foundation built on pertinent literature. These researchers could copy or modify their study based on related theoretical precepts.

Conclusion 2:

Using the social media platforms and an online survey on Google Forms, the response rate from participants was rapid and efficient in terms of data collection.

To choose the appropriate analytics processes for analysis, thorough research and contact with statistical professionals are essential. It is also necessary to analyse the data using modern, specialised software. The correct analysis and data gathering gave more than just the apparent intelligence in the data because these methodological principles considerably aided the study. Additionally, the methodology used was appropriate for this study. In more precise terms the statistics were:

- Adequate, which means that "adequate" respondents took part (the Kaiser, Meyer and Olkin measurement exceeds the requirement baseline)
- Bartlett's test revealed significance, making the data appropriate for multivariate analysis ($p \leq 0.05$)
- According to the Cronbach alpha coefficient, reliable ($\alpha \geq 0.70$)

As a result, it is determined that the data is appropriate for analysis and that the results are appropriate for managerial decision-making. It was further concluded that social media and

electronic platforms are one of the most effective methods of collecting data in the modern age while overcoming unprecedented times (COVID-19). It is important for the target population to be determined to receive sufficient and good responses.

Recommendation 2:

Therefore, it is advised (based on Conclusion 2) that future researchers:

- Ascertain that their data is appropriate for analysis by carrying out the tests as mentioned above
- Utilize an experienced statistician to analyse the data
- Utilize specialised statistical software to analyse the data accurately

4.3.2 Results

Conclusion 3:

The analysis found underlying variables (or intelligence) in the data and measured respondents' opinions about the initial theoretical model (measurement criteria and antecedents). The analysis also examined model fit indices and used confirmatory factor analysis to corroborate these factors. The findings of the detailed data analysis led to the conclusion that the elements discovered, and the antecedents of brand loyalty are genuine and relevant constructs for managing brand loyalty.

More specifically, it is concluded that:

- When evaluated on the original data, the results were still accurate when tested against the initial six antecedents of CES
- The antecedents may be utilised to control and influence consumer brand loyalty
- A secondary and highly reliable indicator of what motivates brand loyalty is provided by the underlying intelligence (factors). Four factors have been identified in this study, and they are more specific than the initial six antecedents found in the literature.
- A fair fit between the brand loyalty data and the proven model is visible. This indicates that there is confidence in using the model.

Recommendation 3:

The findings of this study can advise and direct managers in making decisions that will increase brand loyalty. Therefore, it is advised that:

- Managers review the findings and internalise information pertinent to their brands and customers
- Because industry and management can apply the results in practice, it is recommended that the confirmed model be operationalized and employed in brand loyalty decision-making
- The findings are also noted by academia and other academics since they contribute to the body of knowledge regarding brand loyalty and serve as a foundation for future study

The banking sector in South Africa is highly competitive and subject to many different factors influencing an organisation's reputation. Corporate reputation is highly regarded within this industry. It directly influences the customers' level of trust, loyalty, customer service and satisfaction. The results obtained from respondents specified that due to a combination of the above factors, they do not have the intention to switch banks over the short term. This finding reiterates the importance for banks to continue looking after their current customer base and to continue performing at an extremely high level across the board to attract new customers.

Because there are several banks to choose from in the market at the moment in South Africa. Strong competition necessitates that all banks offer a high level of service and a large variety of products to the customers who believe they deserve a high level of service, products and experience from their service providers. Further to the above, the people seeking banking facilities in South Africa must pay a monthly fee to get access, whereas banking facilities are free in many other countries.

The banking industry operates in a highly competitive market where customers demand and expect high-quality service, making the engagement and service needed crucial. Hu (2011) noted that customer value significantly impacts consumers' loyalty and is also the driving force behind customer attraction, retention, and repurchase, which can significantly affect profitability.

This study has increased our understanding of the precise factors influencing customer satisfaction and brand loyalty. Banks need to decide which areas or gaps need to be filled to meet customers' expectations and reach a greater level of customer satisfaction. This study supports the banking industry in comprehending the important problems that have an impact on both their performance and their clientele. According to the study, the banking industry has a great opportunity to improve customer satisfaction levels, expanding its client base and giving it an immediate competitive edge. This study was designed to assist banking industry management in making wise and informed business decisions.

Customers in South Africa were surveyed at specific points in time to get the data for this study. This makes it crucial to remember that customer satisfaction levels may not necessarily follow the same patterns in various countries. Overall, it was determined that the targeted clients and the questions posed were appropriate for measuring the numerous banking industry aspects influencing customer decisions.

From the questions, it was evident that there is a significant disconnect between actual and perceived consumer satisfaction levels. Most questions were developed and altered primarily for the South African banking sector.

The results concluded that price, performance, brand image, service quality, customer service, trust, loyalty and reputation are all critical factors affecting customer satisfaction and decision-making in the banking industry.

The reliability coefficients for all the data from the various factors produced more than 0.7, which is quite desirable. This demonstrates high internal consistency and reliability of the data for each dimension. As previously stated, all results are available to South African (and other) banks to gauge customer satisfaction. Management should note the recommendations mentioned earlier and keep working to make it even better.

Finally, the findings prove that poor customer satisfaction levels will not lead to brand loyalty or expansion of the client base. A continuous assessment and improvement procedure should be used to maintain consistently high levels of customer satisfaction.

4.3 RECOMMENDATIONS

The following recommendations concerning the correlations between the customer's loyalty, trust and satisfaction regarding the organisation's reputation can be highlighted.

- Customer satisfaction should furthermore be part of the banking sectors' strategic goals. Time and effort should be allocated to the follow-up of research results.
- Customer satisfaction should furthermore be part of the banking sectors' strategic goals. Time and effort should be allocated to the follow-up of research results.
- The inquiry might be the foundation for developing a fantastic customer satisfaction culture within the corresponding banks and could hasten its growth.
- The respondents unmistakably indicated that this factor plays a role in their decision-making, so some internal actions that the banks in South Africa should take into consideration include, raising customer satisfaction levels through ongoing staff training and providing performance incentives.
- Employees, especially those who interact directly with clients, should focus on demonstrating a genuine interest in and eagerness to help them. They ought to be knowledgeable enough to do so.
- Furthermore, it is advised that this study be repeated in the future to enable a direct comparative analysis of the present customer satisfaction levels.

4.4 AREAS AND RECOMMENDATIONS FOR FUTURE RESEARCH

Other research methods that might have been employed and produced equally valuable data on business reputation, trust, loyalty, customer service, and satisfaction in the banking industry are imaginable. These options include:

- Researchers could request authorisation from the associated banks to gather data inside the bank branches without having to get personal information from respondents due to the POPI Act, which makes it difficult to secure a sampling frame for research.
- Future research should employ a larger sample size in order to achieve accurate sample results.
- Additionally, the questionnaire can be created to be available in multiple languages (particularly in South Africa), ensuring that every respondent is able to comprehend all of the questions and preventing any potential misinterpretations.

- To assess the validity, applicability, and relevance of the conceptual model created in this study, it can be used in many studies in other emerging economies and in various service sectors.
- Due to the very limited research on traditional banking and the new dawn of blockchain technology and cryptocurrencies (exchanges), this might be an attractive avenue to explore in the near future. By determining the functionality and possibilities offered by this new and exciting technology (Blockchain), it might be worth researching how this new and modern financial disruption may aid the traditional banking sector in becoming more robust, efficient, automated, transparent, trustworthy, and many more.
 - Smart Contracts
 - Asset-backed Digital Tokens
 - Central Bank Digital Currency (CBDC's)
 - Robo-advisory Services
 - Initial Coin Offerings (ICO)
 - Nonfungible Tokens (NFT's)
 - Decentralised Finance
- Further to the above case mentioned, another avenue worth exploring covers the topic of banking the unbanked. Research on how the new technologies of today (Blockchain) can offer a platform for a more inclusive global economy and for people currently excluded due to the lack of banking facilities to be included.
- By assessing the effects of the influencing factors, such as expanding the respondents' reach beyond South Africa and into Africa as well as into industrialised nations, the study might have instead been undertaken on one (or more groups selected) of the types of customers.
- A study might have also been carried out by compiling information from a random sample of South African banking customers. Customers from different banks will be able to participate in this study without having to deposit their main source of income with the particular bank.
- In both of the cases mentioned above, the comparative analysis might have been the third line of research. Here, the levels of customer satisfaction provided to the various customer groups can be compared to see if, and if so, some groups have higher levels of customer satisfaction than others. In order to better serve the

various groups, top management and executives may be forced to execute a distinct customer service and satisfaction plan.

4.5 LIMITATIONS

Every research study has some limitations that could influence the findings. The following limitations were noted during this research study:

- Because South Africa is such a diverse, unique nation. It is difficult to generalise the findings from this research study to other countries. The researcher decided to focus on the banking industry in just the nine provinces of South Africa. Since the results are only applicable to the country, they cannot be generalised to other geographic areas without testing the model. The typical South African customer's judgments and actions are dependent on their cultural background.
- An estimated 1000 respondents received the questionnaires. More questionnaires could have boosted this study, which only had a 15% hit rate.
- Banks were reluctant to disclose their customer datasets for this study because of the POPI Act, so the study was forced to rely on non-probability convenience sampling. As a result, this study does not represent the whole target population, only those respondents who participated in the survey.
- Some respondents were reluctant to share their biographical information. Response bias may have occurred regarding the demographic results.
- Additionally, this study was influenced by the respondents' readiness to respond to the questionnaire because some were busy when they were approached.
- Due to time restrictions, the study probed a significantly smaller sample of participants from South Africa. If additional time had been available, the researcher might have been able to perform the study on a bigger scale, resulting in a richer sample that was more typical of South African banking consumers.

4.6 SUMMARY

The study provided insight on factors considered important for customers within the banking sector. It also focussed on measuring the correlations between the customer's loyalty, trust and satisfaction regarding the organisation's reputation within banking. The study consisted of four chapters.

Chapter 1 sets the study's background, problem statement and research propositions. The banking industry is a highly competitive, price-sensitive market. Here, high customer satisfaction levels are crucial for ensuring the expansion of the customer base and utilising present clients to facilitate cross-selling and upselling. Additionally, banks must ensure they comprehend their client's needs in this cutthroat climate. It's important for customers to be satisfied with the service they receive.

A study was required to ascertain the relationship between customer satisfaction, brand loyalty, and the role of corporate reputation because these factors can have a considerable impact on the financial performance of the actual bank itself. Further research is required to determine how highly satisfied customers affect their decision-making. The primary and secondary objectives of the study were developed following the identified problem.

The primary objective of this study was to determine if there are correlations between the customer's loyalty, trust and satisfaction regarding the organisation's reputation.

The following secondary objectives were formulated and examined to achieve the primary objective:

- Determine what customers expect from their respective banks
- Establish the impact of reputation on customer retention
- Establish if relationships exist between customer satisfaction and trust

In Chapter 2, the literature research about service quality, customer satisfaction, customer trust, brand image, reputation, customer loyalty, and word of mouth was done. These concepts were properly highlighted and explained to provide a solid theoretical foundation to anchor conclusions emanating from the empirical study.

Further to the above, in Chapter 2, a case study was included on a company within the digital currency sector that involved blockchain technology that may offer numerous solutions in the future within the banking and financial system as a whole. This section needed to be added to give the reader a better understanding of the digital currency and blockchain industry and the history of the respective company. Important elements that were highlighted in this section were:

- The history and background of this specific company
- Investments
- Gap in the market
- Company Culture
- Intention to repurchase

The methodology and findings of the empirical research are presented in Chapter 3. The research design and techniques (used in the data collecting and analysis for the empirical component of this study) have been outlined and described in this chapter along with the empirical research findings. Discussions, arguments, and justifications of the research methodology, the chosen and used study population, and the instrument used for data collection and analysis were all discussed in this chapter. The survey finds that high customer satisfaction levels are valuable and will significantly impact customers' decision-making. The management's customer strategy should include high levels of customer satisfaction.

Six determinant characteristics that contribute to and influence the brand loyalty levels of customers within the banking sector were retrieved using exploratory factor analysis. Confirmatory factor analysis also evaluated the model to measure and manage customer loyalty in banking. The model shows a satisfactory fit.

Chapter 4 of the study offered conclusions, suggestions, and possible areas for more research before concluding.

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APPENDIX A: QUESTIONNAIRE

Informed consent form for quantitative research

Dear Participant,

My name is Dries Els, and I am an MBA graduate student at the NWU in Potchefstroom. As part of my dissertation, I am doing marketing research in the banking sector within South Africa. The purpose of the questionnaire is to determine if there is a correlation between the customer's loyalty, trust, and satisfaction in relation to the organisation's reputation. I invite you to participate in the research and to share your valued experience. It will be greatly appreciated.

Please read through the information below and then provide your consent for participation by marking your answer. Then kindly proceed to complete the questionnaire.

- Your participation in this research project is completely voluntary. You may decline altogether or leave blank any questions you do not wish to answer.
- There are no specific risks to participation and your responses will remain confidential and anonymous.
- Data from this research study will be confidential and reported on only as a combined total of the data set.
- No one will know your individual answers to this questionnaire, nor will you be identifiable after you submitted the questionnaire.
- Also note that the results would be freely available in the university's library and that extracts from the research may be published.

If you agree to participate in this project, please answer the questions on the questionnaire as best you can. It should take approximately 20 minutes to complete.

The first three questions will be considered as qualifying questions to determine your participation in the study.

1. Are you older than 18-years?	Yes
	No
2. Do you have an active bank account in South Africa, earning a form of income (salary) from an employer or being self-employed?	Yes
	No
3. Would you be participating as an individual (Ind) or a business (Bus) (employs more than five individuals)?	Ind
	Bus

I am giving my consent that the data can be used for research purposes, and I am willing to participate:

YES	NO
-----	----

Questionnaire Continues Below

APPENDIX B: QUESTIONNAIRE

In order to get optimal results, we used a 5-point Likert scale that range from strongly disagree (1) to strongly agree (5).

Participation Response Scale						
For each question, please circle the most applicable answer						
Section A: Biographic Information						
The biographical information will allow the researcher to extract great value from data collected through profiling participants and allow for data classification to be possible during the research study.						
A1	Age	Years				
A2	Gender	Male	Female	Prefer not to answer		
A3	Home language					
A4	Highest qualification	Below Matric	Matric	Diploma	Degree	Postgraduate Degree
A5	Years of work experience	Less than 1 year	1 – 5 years	5 – 10 years	10-15 years	More than 15 years
A6	Level of employment	Junior	Middle	Senior	Specialist	Unsure
A7	Participation	Individual or Business	If a business, please indicate how many employees in your business? Ranges may be used, for example 5 or less, 5-100, 100-1000, 1000-10000, or 10000 or more			
A8	Primary bank	If your primary bank is not listed below, please select “other” and specify below your respective bank name.				
	ABSA	Capitec	FNB	Nedbank	Standard Bank	Other, specify

Participation Response Scale						
For each question, please circle the most applicable answer						
Section B: Reputation						
Customer insights around the influence a banks' reputation has on their decision-making process will allow the researcher to draw conclusions about how important it is for banks to protect their reputations through rigid processes, policies and corporate governance.						
Reputation		Strongly Disagree (1)	Disagree (2)	Not Sure (3)	Agree (4)	Strongly Agree (5)
B1	In your own opinion and view, does your current bank have a good reputation in the public's eye?	1	2	3	4	5
B2	Did your current banks' perceived public reputation play a role in your decision to bank with them?	1	2	3	4	5
B3	Would any form of negative publicity around your current bank, prompt you to search for an alternative bank in the future?	1	2	3	4	5
B4	Would any corporate scandal involving a bank deter you from signing up with them in the future?	1	2	3	4	5
B5	If you had to become aware of recent negative news involving your bank, would you feel comfortable to publicly announce who you bank with?	1	2	3	4	5
B6	Would any sudden changes in Senior Management (Shareholders/Directors) have any influence on your decision to sign-up with a bank or not?	1	2	3	4	5

Participation Response Scale						
For each question, please circle the most applicable answer						
Section C: Trust						
Due to banks being a facilitator and holder of peoples hard earned monies, the importance of trust can become a pivotal factor in customers decision making process with regards to their preferred bank followed by services and products.						
Trust		Strongly Disagree (1)	Disagree (2)	Not Sure (3)	Agree (4)	Strongly Agree (5)
C1	Do you trust your current bank with your life's savings?	1	2	3	4	5
C2	Would you feel comfortable to transact in any form with a bank that was branded as "corrupt" with poor corporate governance in place?	1	2	3	4	5
C3	Would the level of employee competency have any impact on your trust towards a bank?	1	2	3	4	5
C4	On a scale of 1 – 5: 1 being strongly disagree and 5 strongly agree, what impact would non-compliance with regulators have on your trust in a bank?	1	2	3	4	5
C5	Would you feel comfortable to sign-up (FICA) with a bank knowing there has been data leaks in the past?	1	2	3	4	5
C6	Does a high level of trust form a buffer against negative experiences which may arise amongst customers?	1	2	3	4	5

Participation Response Scale						
For each question, please circle the most applicable answer						
Section D: Loyalty						
Due to customers paying for a service, it may be difficult for them to remain loyal during uncertain times with other options available to them. Understanding the level of loyalty customers have towards their respective banks will allow the researcher to determine the importance of banks ensuring a mutual beneficial relationship is achieved through customer centricity.						
Loyalty		Strongly Disagree (1)	Disagree (2)	Not Sure (3)	Agree (4)	Strongly Agree (5)
D1	Are you loyal towards your current bank?	1	2	3	4	5
D2	How likely are you to recommend your current bank to family and friends?	1	2	3	4	5
D3	How likely are you to sign up with another bank in the future (1-24 months)?	1	2	3	4	5
D4	Do you consider the price of services/products provided by your bank to be reasonable?	1	2	3	4	5
D5	Do you feel a sense of loyalty to your current bank due to the banks continues efforts to provide you with financial guidance?	1	2	3	4	5
D6	Does your banks level of customer service play a role in your loyalty towards it?	1	2	3	4	5

Participation Response Scale						
For each question, please circle the most applicable answer						
Section B: Customer Satisfaction						
<p>With more banks becoming available in South Africa, offering very similar products and services, customer satisfaction may become even more important. If it is found that customer satisfaction does not only keep customers, but it builds customer loyalty together with customer marketing through word of mouth, it may become a strong strategic decision for banks to build their strategies around a principle of customer centricity.</p>						
<p>The following statement relates to the participants feeling about their bank. Please respond by circling the number which best reflects your own perceptions.</p>						
I used to:		Strongly Disagree (1)	Disagree (2)	Not Sure (3)	Agree (4)	Strongly Agree (5)
E1	Say positive things about the Bank to other people	1	2	3	4	5
E2	Encourage friends and relatives to do business with Bank.	1	2	3	4	5
E3	Intend to continue doing business with Bank.	1	2	3	4	5
E4	Have strong preference on this Bank	1	2	3	4	5
Customer Satisfaction		Strongly Disagree (1)	Disagree (2)	Not Sure (3)	Agree (4)	Strongly Agree (5)
E5	As far as your business needs was concerned, were you satisfied, and could your bank deliver what you need?	1	2	3	4	5
E6	On a scale of 1 – 5: 1 being very poor and 5 excellent, how will you rate your need satisfaction at your current bank?	1	2	3	4	5
E7	Do you believe your needs and requirements are the banks main priority, resulting in customer centricity?	1	2	3	4	5

APPENDIX C: ETHICAL CLEARANCE



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Senate Committee for Research Ethics
Tel: 018 299-4849
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24 May 2022

ETHICS APPROVAL LETTER OF STUDY

Based on approval by the Economic and Management Sciences Research Ethics Committee (EMS-REC) on 22/04/2022, Round Robin, the Economic and Management Sciences Research Ethics Committee hereby approves your study as indicated below. This implies that the North-West University Senate Committee for Research Ethics (NWU-RERC) grants its permission that, provided the special conditions specified below are met and pending any other authorisation that may be necessary, the study may be initiated, using the ethics number below.

Study title: Determining the role of corporate reputation in customer loyalty within the banking sector in South Africa																															
Study Leader/Supervisor (Principal Investigator)/Researcher: Prof C Bisshoff - MBA																															
Student: Els, AJT (22174664)																															
Ethics number:	<table border="1"><tr><td>N</td><td>W</td><td>U</td><td>-</td><td>0</td><td>0</td><td>6</td><td>3</td><td>4</td><td>-</td><td>2</td><td>2</td><td>-</td><td>A</td><td>4</td></tr><tr><td colspan="3">Institution</td><td colspan="5">Study Number</td><td colspan="2">Year</td><td colspan="5">Status</td></tr></table>	N	W	U	-	0	0	6	3	4	-	2	2	-	A	4	Institution			Study Number					Year		Status				
N	W	U	-	0	0	6	3	4	-	2	2	-	A	4																	
Institution			Study Number					Year		Status																					
<i>Status:</i> S = Submission; R = Re-Submission; P = Provisional Authorisation; A = Authorisation																															
Application Type:	Risk: <table border="1"><tr><td>Low</td></tr></table>	Low																													
Low																															
Commencement date: 24/05/2022																															
Expiry date: 24/05/2023																															
Approval of the study is initially provided for a year, after which continuation of the study is dependent on receipt and review of the annual (or as otherwise stipulated) monitoring report and the concomitant issuing of a letter of continuation.																															

Special in process conditions of the research for approval (if applicable):

<p>General conditions:</p> <p>While this ethics approval is subject to all declarations, undertakings and agreements incorporated and signed in the application form, the following general terms and conditions will apply:</p> <ul style="list-style-type: none">• The study leader/supervisor (principle investigator)/researcher must report in the prescribed format to the EMS-REC:<ul style="list-style-type: none">- annually (or as otherwise requested) on the monitoring of the study, whereby a letter of continuation will be provided, and upon completion of the study; and- without any delay in case of any adverse event or incident (or any matter that interrupts sound ethical principles) during the course of the study.• The approval applies strictly to the proposal as stipulated in the application form. Should any amendments to the proposal be deemed necessary during the course of the study, the study leader/researcher must apply for approval of these amendments at the EMS-REC, prior to implementation. Should there be any deviations from the study proposal without the necessary approval of such amendments, the ethics approval is immediately and automatically forfeited.• Annually a number of studies may be randomly selected for an external audit.• The date of approval indicates the first date that the study may be started. In the interest of ethical responsibility, the NWU-SCRE and EMS-REC reserves the right to:<ul style="list-style-type: none">- request access to any information or data at any time during the course or after completion of the study;

- to ask further questions, seek additional information, require further modification or monitor the conduct of your research or the informed consent process;
- withdraw or postpone approval if:
 - any unethical principles or practices of the study are revealed or suspected;
 - it becomes apparent that any relevant information was withheld from the EMS-REC or that information has been false or misrepresented;
 - submission of the annual (or otherwise stipulated) monitoring report, the required amendments, or reporting of adverse events or incidents was not done in a timely manner and accurately; and / or
 - new institutional rules, national legislation or international conventions deem it necessary.
- Please note that the ethics approval of this application is subject to the Covid-19 protocols.

The EMS-REC would like to remain at your service as scientist and researcher, and wishes you well with your study. Please do not hesitate to contact the EMS-REC or the NWU-SCRE for any further enquiries or requests for assistance.

Yours sincerely,

**Mark
Rathbone**

Digitally signed by Mark Rathbone
DN: cn=Mark Rathbone, o=North-
West University, ou=Business
management,
email=mark.rathbone@nwu.ac.za,
c=ZA
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Prof Mark Rathbone
Chairperson: NWU Economic and Management Sciences Research Ethics Committee

APPENDIX D: LANGUAGE EDITOR'S LETTER



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Language@dlts.co.za
CC No: 1995/017794/23

Tuesday, 25 October 2022

To whom it may concern

Re: Confirmation of language edit, typography and technical precision

The MBA dissertation "**Determining the role of corporate reputation in customer loyalty within the banking sector in South Africa**" by AJT Els (22174664) was edited for language and technical precision. The referencing and sources were checked and comply with the Harvard guidelines specified by the 2020 NWU Reference guide.

Final, last-minute corrections remain the responsibility of the author.



Antoinette Bisschoff

BA Languages (UPE – now NMU); MBA (PU for CHE – now NWU); Translation and Linguistic Studies (NWU)

Officially approved language editor of the NWU since 1998
Member of SA Translators Institute (no. 100181)

Precision ... to the last letter