The growth trajectory of universities in Nigeria has been steady, moving from 4 licensed universities in 1962 to 143 universities in 2015. This has concomitantly led to an exponential growth in enrollment for university education, thus leading to expansion in university communities across Nigeria. This expansion has triggered an undergraduate bank market segment within the university communities in Nigeria, and, by extension, creating new market opportunity for banks. Several banks responded by providing myriad of service-products to tap into this fast growing undergraduate market opportunity; thereby widening the choice-latitude of current and potential undergraduate customers. The acute competition due to wide-bank-service-choice has led to an attendant problem of intense switch behavior among undergraduates. To be the preferred bank for the undergraduate, it is timely to unearth factors influencing undergraduates' retention and loyalty towards a bank so that banks operating within the university communities can craft cutting-edge marketing strategies based on empirical evidence. This book empirically unraveled 36 potent factors, which banks should emphasize for competitiveness.

Stephen I. Ukenna, holds a Ph.D. (Marketing) obtained from Nnamdi Azikiwe University, Nigeria. Dr Ukenna is a faculty member at Godfrey Okoye University, Nigeria. His research interests include: Services & Bank Marketing, and Sustainability Marketing. He has published with the Thunderbird International Business Review.

978-3-659-87406-2

Antecedents of Bank Loyalty in Nigeria

Ukenna


Stephen Ukenna

# Antecedents Of Bank Loyalty Among Nigerian Undergraduates

## What factors drive bank loyalty among undergraduate-bank-customers?

LAP LAMBERT Academic Publishing

**Stephen Ukenna**

# Antecedents Of Bank Loyalty Among Nigerian Undergraduates

**Stephen Ukenna**

# Antecedents Of Bank Loyalty Among Nigerian Undergraduates

## What factors drive bank loyalty among undergraduate-bank-customers?

**LAP LAMBERT Academic Publishing**

**Impressum / Imprint**
Bibliografische Information der Deutschen Nationalbibliothek: Die Deutsche Nationalbibliothek verzeichnet diese Publikation in der Deutschen Nationalbibliografie; detaillierte bibliografische Daten sind im Internet über http://dnb.d-nb.de abrufbar.


Bibliographic information published by the Deutsche Nationalbibliothek: The Deutsche Nationalbibliothek lists this publication in the Deutsche Nationalbibliografie; detailed bibliographic data are available in the Internet at http://dnb.d-nb.de.


Coverbild / Cover image: www.ingimage.com

Verlag / Publisher:
LAP LAMBERT Academic Publishing
ist ein Imprint der / is a trademark of
OmniScriptum GmbH & Co. KG
Bahnhofstraße 28, 66111 Saarbrücken, Deutschland / Germany
Email: info@omniscriptum.com

Herstellung: siehe letzte Seite /
Printed at: see last page
**ISBN: 978-3-659-87406-2**

# DEDICATION

To my father, Mr. Linus Ukenna, for his unstoppable drive of getting me eminently educated and to my late brother, **D**enis **O**tito Ukenna.

## ACKNOWLEDGEMENTS

This academic journey, and indeed, the writing of this thesis, would not have been successful without the sincere support I received from a number of people. My deepest appreciation to my mentor, supervisor and outstanding marketing scholar, Professor (Rev.) Anayo Nkamnebe, who continued to mould me scholarly. I cannot thank him enough for painstakingly teaching me how to write academically and exposing me to avalanche of leading scholarly materials that have in no small measure expanded my boundaries of knowledge. Above all, I cannot forget his key advice: imbibe “academic humility’. My profound gratitude also goes to an erudite marketing scholar, Professor Ikechwu Nwosu for his thought-provoking lectures, insightful journals and books, and pragmatic style of teaching. I will also remain indebted to Professor Emma Okoye and Professor Ben Osisionma for their encouragements, supports, and lessons.

A number of marketing lecturers of the Department of Marketing in UNIZIK also played inestimable role in inculcating the ‘total marketing package’
into me and whose lecture notes, directly or indirectly, constituted an invaluable source for this thesis. I recall Dr. K.N.I. Nkem, the guru of marketing for his distinctive lecturing style; Ichie A.O. Adirika for his participative teaching style; Mr. V.N.O. Aghara, the HOD for his seasoned knowledge in marketing; and Mr. Okpala, a born teacher, for this encouragements, advices as well as his sound and methodological teaching style. I remember my good friend, Mr. Titus Okeke, a very intelligent lecture of marketing for initially helping me fine-tune the topic of this thesis. I cannot thank Mr. M. C. Olise (ONWA) and Mr. W. Anekeoku enough, well-informed lectures of marketing, for their inestimable support and encouragements.

I will not forget my very good friends and course – mates whose sound academic abilities continued to motivate and challenge me to greater scholarly efforts. Chief among whom is Ogbunankwo Chibueze for his prolific knowledge, Mr. Shed Moguluwa, whom I consider as God-sent for providing critical financial support for this programme, not to talk of his cute knowledge in marketing from which I immensely drew from. I recall the most-needed encouragements and supports I received from Mrs. Chioma and Mrs. Uch Okaro.

With deep gratitude, I recall the role Mrs. Odumegwu played in the writing of this thesis. Her knack in research and statistical analysis, using SPSS computer package, in no small measure, quickened the completion of this study. While nursing her new baby, she still provided the much-needed time in running the data, providing insight in the interpretation and fine-tuning the hypotheses. I will certainly continue to thank my research assistants, Chioma Amafule and Ndubuisi Ajawuihe, who painstakingly distributed and collected copies of the questionnaire to respondents in UNIZIK and UNEC respectively.
I wish to eminently acknowledge some people and longstanding friends I classify as God-set, who financially supported this academic endeavor. Chief among them are Pharmacist Emeka Okoye, Mrs. Rita Okolie (Chartered Accountant), Architect Samuel Amafule, Shed Moguluwa, Ayo Adekoya (Chartered Accountant), Miss Victoria Abaleke and my late brother, Denis Otito Ukenna

I can never thank my parents enough. I remain profoundly grateful to my parents Mr. Linus Ukenna and Mrs. Elizabeth Ukenna for their unwavering and unflinching financial and moral supports. Also, I want to thank those whose name I did not mention but have one way or other contributed to the successful completion of this academic journey. God richly bless you all and most importantly, I pour out all my heart in appreciation to Almighty God, the giver of knowledge and intelligence, for guiding and guarding me throughout my study. Without God I am nothing!

## ABSTRACT

The observed switch behaviour among student bank customers suggests the need for studies to be executed in this area to unearth empirical explanation for such defection. Accordingly, the main objective of this study was to identify the key factors, antecedents or determinants that influence the choice decision of student customer in Nigeria's tertiary institutions. Four hundred student bank customers from four tertiary institutions in Enugu and Anambra State were sampled. The principle Component Analysis (PCA) was used to reduce 49 variable or factors on customer loyalty into 12 underlying factors. The ANOVA and t-test were employed to test the relationships proposed in the hypotheses. This study identified 12 important factors that explain loyalty behaviour among student bank customers, which are collectively labeled **12-Piont Student Customers Bank Loyalty Index Model.** Arguably, this finding has far-reaching management and knowledge reproduction implications.

TABLE OF CONTENTS

## CHAPTER ONE

## 1.0 INTRODUCTION

### 1.1 Background Of The Study

The banking industry in Nigeria has been characterized by many problems (such as liquidation, distress, fraud, political interference, and lopsided ethnical ownership base) that have badly affected the loyalty of customers (see Ebhodaghe, 1996; Okoduwa. 1996; Uche and the Ehikwe, 2001). Prior to the adoption of a comprehensive economic reform programme (deregulation) under the Structural Adjustment programme (SAP) of 1986, Nigeria's financial system could simply have been described as repressed and highly regulated. Some of the regulations, though occasionally desirable, had no doubt contributed to the strains in the financial system, which, in turn, has serious implication on customer loyalty. Banks were subjected to substantial restrictions on their products and activities. These restrictions, had, to a reasonable extent, limited some banks' ability to adapt to changing market conditions and become truly customer-focused.

The advent of Structural Adjustment porgramme (SAP) opened the floodgate of banking license, that between 1985 and 1993 licensed banks operating in Nigeria rose from 41 to 120 (Central Bank Of Nigeria, 1995). Most of these banks were not customer-focused but more of currency exchange centers and they survived simply by buying and selling foreign exchange and by depending largely on government finds deposited with them (Uche, 1996). Accordingly, Ebun (2001: 16) in Ugwuanyim (2005:31) observed:

> *''This is what most of the banks do: collect foreign exchange from the CBN, sell at black market price and come round to declare bogus profit, buy state-of art- car, finance frivolous projects and refuse to invest in the critical sector of the economy''*

The banks later intensified the marketing of services only when government removed most distortions in the foreign exchange market, which made currency trading difficult. Also government removed its funds with the banks. As a result of these, presently there is high competion among banking firms in Nigeria for consumer patronage that building customer loyalty is key strategic option.

Today, the deregulation process (for example the 25 billion Naira new capital base of banks) has tremendously increased the tempo of activities in the banking sub-sector in that deregulation of the sector has brought about greater potential for increased competition; hence leading to efficiency and effectiveness. Also, current deregulation has forced banks from being mere currency exchange centers towards becoming truly market-driven. Uche (1999) sustaining the view of Gilmore (1997), argued that the key success factor for banks in a highly competitive, complex, deregulated, and dynamic environment of the banking industry is not be product-driven; but to be customer-oriented. Accordingly, Gilmore (1997) in Beerli. Martin and Quintana (2002) observed that the traditional product-oriented bank is becoming increasingly customer-oriented in accordance with the basic principles of relational marketing, which focuses on customer loyalty as its main goal.

Customer loyalty is critical to the conduct of business in today's competitive marketplace, and banks are no exception. Commercial banks in Nigeria, according to Ehigie (2006) have, thus, embarked on different management strategies as ways to promote customer loyalty (see Ehigie, 2006: 494) citing Bahia and Nantel, 2000; Jamal and Naser, 2002), especially in the context where government has withdraw most its funds from the commercial banks; hence the banks are inclined towards private sector funds. Increasingly, commercial banks are evolving several strategies geared towards retaining customers, particularly by introducing innovative products and services (Ebun 2001).

Although customer loyalty is increasing being recognized as a key determinant of long-term profitability and success, banks are also recognizing the enormous profit potential of extending their branch network to campuses of tertiary institutions across Nigeria. Little wonder the clustering of branch of banks in various campuses of tertiary institutions in Nigeria. The banks seems to be of the view that if students, being tomorrow's political leader's, corporate chieftains, business magnates, etc are captured earlier, satisfied, and retained, the chances of their (banks) long-term profits and success are increased. Better still, the banks seems to be of the view that situating branches at campuses will further consolidate their customer base or increase their chances of increased profit. This clearly underscores the need for mangers of banks to build and sustain loyalty among its student customers by identifying and promoting those factors that determine their (students) loyalty towards a bank.

## 1.2 Statement Of Problem

The marketing of banking services in Nigeria has greatly affected different economic, social and political factors (Uche and Ehikwe, 2001). The banking service system in Nigeria has been epitomized with failures, which have led to the industry witnessing collapse of banking firms in the country, thereby threatening the fate of customers on its services. With inflation in the country, bank depositors could only receive negative returns in their deposits, thus discouraging bank depositors and making the less regulated finance companies more attractive to the market. Okoduwa (1995) reported that out of 120 commercial and merchant banks in Nigeria before 1994, 50 became liquidated. But in 1998 alone, 26 banks were liquidated (Uche, 1996). Bank financial reports show that in 1993 a total of N55.1 billion assets was lost (Ebhodaghe, 1996). Bank customers started losing fate in bank services in Nigeria and started patronizing capital market. Presently the introduction of recapitalization in the banking sector has led to merger and acquisition and customers' loyalty is, again threatened. This is because there was a widespread fear that consolidation may result to depositors losing some (if not all) of their deposit, especially among depositors of banks that failed to meet with the 25 billion naira capital base mark.

This makes research on customer loyalty significant in the Nigeria banking industry. Evidence abound (e.g Duncan and Elliot, 2002; Kish 2001) showing links between customer loyalty and organizational profitability, implying that any organization with loyal customers has considerable competitive advantage. Therefore, the first problem that has instigated this study is the lost of fate in some bank services by bank customers reflected in the observed high rate of switching from one bank to the other, which has impaired some banks profitability potential arising from competitive advantage accruable from customer's bank loyalty. The question this particular problem seems to ask is: why are people switching from one bank to the other; why are they not remaining with a particular bank? Thus, what are the factors that could enhance bank loyalty, particularly among student customers?

In the context of increasing sophistication of consumer behavior, customer loyalty is fast being recognized as key determinant of long-term profitability and success in the banking sub-sector (see Divett, 2003; Mittel and Lassar, 2003; Kotler and Armstrong, 2001). Despite this recognition, past studies appear to have paid scanty attention to this. In the effect, research attention was given mostly to customer attraction. Thus little attention was given on how firms can retain their customers or consumers (these terms are used interchangeably in this work, regardless of their inherent difference in literature). Worst still, most literature on customer loyalty did not specifically focus on the determination of loyalty among student customers of banks. Put more sharply, little or no attention has been accorded customer loyalty among students.

Where customer loyalty has attracted research attention, research into customer loyalty has focused primarily on product-related or brand loyalty, whereas loyalty to service organizations has remained under exposed (Gremler and Brown, 1996:172; Bloomer, Ruytler, and Peters, 1998:277). Even where research attention is focused on customer loyalty in service organizations, knowledge gab still yawn specifically in bank loyalty determinants among students in tertiary institutions in developing economies.

Therefore, the second problem that has instigated this study is this knowledge gap (see Agbonifoh and Yomre, 1999:94 and ICAN, 2006:16), which the researcher will seek to fill through this study. That is, although so much is known (or research abound in marketing literature) about determinants of customer loyalty generally, but not enough is known about the determinants or factors that enhances the loyalty of students in tertiary institutions to a bank, particularly in the context (or milieu) of developing economies like Nigeria
Put more pointedly, a twin situation or problem prompted this study. They are:

1. This study is instigated by the lost of fate in some bank services by bank customers reflected in the observed high rate of switching from one bank to the other, which has impaired some banks profitability potential arising from competitive advantage accruable from

customers' bank loyalty. The question this particular problem seems to ask is: why are people switching from one bank to the other; why are they not remaining with a particular bank? Thus, what are the factors that will make them remain with a bank? This is the problem of observed high bank switch. It becomes imperative to identify factors that could enhance bank loyalty, particularly among student customers.

2. Although so much is known (or research abound in marketing) about determinants of customer loyalty, but not enough is known about the determinants or factors that enhances the loyalty of students in tertiary institutions to a bank, particularly in the context (or milieu) of developing economies like Nigeria.

## 1.3 Objectives of the Study

The broad objective of this study is to identify and explain those factors that determine, influences, and enhance the loyalty of student customers of banks in tertiary institutions. Put differently, the main objective of this study is to identify the key factors that influence the extent to which students of higher tertiary institutions in Nigeria are loyal towards their banks.

Based on this broad objective, the following specific objectives are deduced.

1. To find out what actually are the determinants of bank loyalty among students of tertiary institutions in Nigeria.
2. To find out the most important factors that best explain students' loyalty to their bank as well as find out how these factor can be grouped.
3. To investigate the extent to which social relationship with bank staff determines students' loyalty to their bank.
4. To find out the extent to which branch closeness to customer a determinant of bank loyalty among students.
5. To investigate the extent which the speed of transaction determine students loyalty to their bank.
6. To find out the extent to which the risk of moving or switching to another bank a determinant of students' loyalty to their banks.
7. To investigate the extent which efficient ATM is a determinant of students' loyalty to their bank.

8. To explain the managerial implications of the above findings, while making practical recommendations to banks, marketing practitioners and other stakeholders.

## 1.4 Relevant Research Questions

To give further focus to this study, relevant research questions were posed and answers to them are expected in this study. The following are the relevant questions to this research:

1. What actually are the determinants of bank loyalty among students of tertiary institutions Nigeria?
2. What are the most important factors that best explain students' loyalty to their bank and how can we group these factors? OR Does the instrument measuring factors responsible for student loyalty to a bank measure 49 different independent factors or does it measure a few underlying factors?
3. What extent does social relationship with bank staff determine students' loyalty to their bank?
4. What extent is branch closeness to customers a determinant of bank loyalty among students?
5. What extent does the speed of transaction determine students loyalty to their bank?
6. What extent does the risk of moving or switching to another bank a determinant of student's loyalty to their bank?
7. What extent does efficient ATM a determinant of students' loyalty to bank?
8. What managerial implications do the findings of the above have on bank marketing, particularly marketing of banking services to students of tertiary institutions in Nigeria?

## 1.5 Statement of Hypotheses

Hair, Bush and Ortinau (2000: 64) defined hypothesis as " an unproven statement of a research question of logical guess, which reflects the possibility in the occurrence of an event under investigation''. The hypothesis tells the researcher exactly what he needs to find out in his study (ICAN, 2006). It may simply be described as a suggested answer to a problem (Okeke, 2005).

Based on the relevant research questions, the researcher puts forward a number of hypotheses or a number of informed guess or statement of conjecture showing the relationship between the variables of interest in the study (Onwe, 1998; Okeke, 2005; Dibua and Dibua, 2005). Therefore, to come out with meaningful or useful result from this study, the following hypotheses were formulated and will be tested statistically:

**Hypothesis One**

**Ho:** The mean component scores on factors responsible for students' loyalty to their bank will not differ significantly by age.

**H1:** The mean component scores on factors responsible for students' loyalty to their bank differ significantly by gender.

**Hypothesis Two**

**Ho:** The mean component scores on factors responsible for students' loyalty to their bank will not differ significantly by age.

**H1:** The mean component scores on factors responsible for students' loyalty to their bank differ significantly by age.

**Hypothesis Three**

**Ho:** The mean component scores on factors responsible for students' loyalty to their bank will not differ significantly by bank choice.

**H1:** The mean component scores on factors responsible for students' loyalty to their bank differ significantly by bank choice.

**Hypothesis four**

**Ho:** The mean component scores on factors responsible for students' loyalty to their bank will not differ significantly by education institution.

**H1:** The mean component scores on factors responsible for students' loyalty to their bank differ significantly education institution.

### 1.6 Scope and Delimitation Of Study

In order to ensure that a research investigation is directed and focused, every study has its own boundaries; otherwise, the study may require eternity to complete (Agbonifoh and Yomere, 1999). Agbonifoh and Yomere (1999) and Okeke (2005) distinguished between scope and delimitation in research. They posited that while scope refereed to the geographical area and period of a study, delimitation refers to content territorial boundaries and extent of discussion; that is, what is to be discussed in the research and what are deliberately left out.

Therefore, with respect to scope, this investigation will focus on the tertiary institutions in Enugu and Anambra states only, where we have the following tertiary institutions:

**Table 1.1**

List of Approved Tertiary Institutions in Anambra & Enugu State

| S/NO | ANAMBRA STATE | ENUGU STATE |
|---|---|---|
| 1 | Nnamdi Azikiwe University, Awka | University of Nigeria, Enugu Campus |
| 2 | Anambra State University, Uli | Enugu State University of Science and Technology |
| 3 | Federal Polytechnic, Oko | Institute of Management Technology |
| 4 | Madonna University, Okija | Caritas University, Enugu |
| 5 | Tansian University, Umunya | |

Given the cosmopolitan nature of the institutions, the conclusion from the study has reasonable or appreciable chances of being used to generalize about student bank loyalty across Nigeria.

With respect to delimitation, customer loyalty is a topic subsumed under services marketing and consumer behaviour, and it is a topic that is widely discussed under marketing literatures. Also, bank loyalty, which is a derivative of customer loyalty, is widely discussed in bank marketing or financial services marketing literatures. Accordingly, this study is not only delimited to services marketing and consumer behaviour literatures, but also to bank marketing and financial services marketing literatures. Hence, discussions relating to tangible product marketing will not be considered also.

This work will not also border on core aspects of finance literatures such as financial management, investment analysis etc. In addition, the concern of this study is not on corporate, non-student, and or postgraduate student customer of banks; thus, for the purpose of this study, a student refers to any undergraduate studying in a tertiary institution.

### 1.7 Significance Of Study

Evidence abounds (e.g Duncan and Elliot, 2002; Kish, 2001) showing links between customer loyalty and organization profitable, implying that any organization with loyal customers has considerable competitive advantage. This makes studies on customer loyalty essential for bank management.

Customers, Clark (1997) argued, are more likely to be loyal if there is a customer-oriented climate. Such climate is established when organizations try to identify genuine customers' needs and design products to meet those needs (Kotler and Armstrog, 2001). Thus, knowledge in customer-oriented product or service design presupposes deep insight in the factors that influences customer or bank loyalty.

Since this study is set out to find out and explain the determinants of bank loyalty among students in tertiary institutions in Nigeria; therefore, this study will, in no small measure, be significant to bank management, business firms, government institutions, research students, bank customers, bank customers, and stock of knowledge in the area of bank services marketing.

To bank management, since increased customer loyalty to bank service is the single most important driver of long-term financial performance of banks (see Duncan and Elliot, 2002), knowledge of factors that influence customer loyalty to banking services is critical key for gaining completive advantage. Take for instance, if it is established in this study that customer satisfaction contributes significantly to bank loyalty; hence, to gain customer loyalty, bank management ought to strive to satisfy their customers. This can be implemented when customers' needs, as will be revealed in this study, are known and machineries are put in place at getting them satisfied. In addition, since this study is expected to expose the elements of what constitutes customer satisfaction in the banking industry, this study will be significant to bank management in that it will help them to improve on customer services delivery by giving customers what they want, when they want it. Also, if it is established in this study that service quality correlated with customer loyalty to banking services, it means that bank management needs to emphasize service quality. Due to the fact that banks do not provide tangible products, their service quality is usually assessed by measures of the service-provider's relationship with customers. Thus, to emphasize service quality imply that bank management will pay attention to bank staff skill possession, attention to customers and their needs, offering of fast and efficient services among others.

To business firms (other than banking firms) , this study will be significant in that they can derive substantial insight on what factors could influence on customer loyalty, which will, impact on their profit. Essentially, their knowledge of these factors will provide the appropriate platform for designing sound and customer-focused service delivery programmes geared towards building lasting customer loyalty. This will, by extension, place the company on a sound competitive footing in the marketplace.

To government institutions', being people-oriented is becoming highly emphasized, especially in the context of privatization. For example, this is true for power Holding Company of Nigeria (PHCN). Agreeably, most government establishments are seriously embracing customer-oriented approach in service delivery as key for success. This approach emphasizes the identification of the needs of the people and satisfying them, which, in turn, can lead to customer loyalty. Thus, this study becomes relevant to the managers of government institutions as it will provide them with deeper insight on the antecedents of customer loyalty; thereby increasing their potency in service delivery.

To the research students or scholars, this study will be invaluable in that the research findings are likely to provide a huge source of reference for those wishing to embark on similar or related research in the future.

To bank customer, conscious knowledge of what influence their loyalty towards a bank seems to reinforce their expectations from the bank. That is, some customers might view this influences as "rights" that the banks must respect for them (the banks) to be competitive. Hence, this study will provide awareness and insight into these "right." It is believed the knowledge or awareness of these "right" can enhance their bargaining power in any exchange process.

To expand or contribute to the existing stock of knowledge should be the main concern of any quality research and this explains the justification for the money, time, and effort spent on the research (Agbonifor and Yomere, 1999 and ICAN, 2006). Expectedly, this study is to fill the apparent knowledge gap existing in bank loyalty literature. This knowledge gap lies in the fact that although so much is known (or research abound in marketing literature) about determinants of customer loyalty, but not enough is known about the determinates or factors that enhance the loyalty of student in tertiary institutions to a bank, particularly in the context (milieu) of developing economies like Nigeria.

## 1.8 Limitations of Study

Finance will be major limitation to this study, as the research will be faced with expenses. These include purchase of materials, traveling cost to the various campuses of the tertiary institutions to be covered, and staffing cost because the researcher has to pay wage to the four research assistants employed for this study.

Paucity of relevant literatures on customer loyalty that are skewed towards the banking sector constitutes another limitation to this study. Although studies and literatures are replete on customer loyalty; however, only a few literature bonder on bank loyalty.

The last limitation of this study relates with the complex nature of humans; that is, the respondents of this study. The inconsistent nature of the respondents, in terms their unfriendliness to the research assistants and the researcher and in terms of their attitude generally affected this study.

## 1.9 Operational Definition of Constructs/ Terms

**Consumer:-** those who purchase products and services for use by themselves or by their families.

**Customer:-** a person who purchase the product or service an organization offers.
**Customer/ Consumer loyalty:** this the deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand set potential to cause switching behaviour.
**Brand loyalty:-** this is a form of repeat purchasing behaviour reflecting a conscious decision to continue buying the same brand, and it must be accompanied by an underlying positive attitude and a high degree of commitment toward the brand (attitudinal loyalty).
**Bank Loyalty:-** the biased (i.e. non random) behavioural response (i.e revisit), expressed over time, by some decision-making unit with respect to one bank out of psychological (decision-making and evaluative) processes resulting in branch commitment.
**Bank Loyalist:-** one that will stay with the same service provider, is likely to take out new products with the bank and is likely to recommend the bank's services.
**Customer Satisfaction:** this is the extent to which a product's perceived performance matches a buyer's expectations.
**Service Quality:-** Service quality relates to customers' perceptions or judgment of services. Due to the fact that banks do not provide tangible products, their service quality is usually assessed by measure of the service-provider's relationship with customers, staff skill possession, knowledge, and general attitude to customer service, confidentiality in transactions, trustworthiness of bank, introduction of weekend banking, extension of banking hours, and provision of insurance for customers.
**Relationship Marketing:-** the activity of seeking to establish long-term, committed, trusting and co-operative relationship with customers, characterized by openness, genuine concern for the delivery of high quality goods and services, responsiveness to customer suggestions, fair dealing, and crucially the willingness to sacrifice short-term advantages for long-term gain.
**Switching Cost:** this can be defined as the technical, financial or psychological factors which make it difficult or expensive for a customer to change brand or service provider.
**Communications:-** this refers to written communications such as personalized letters, direct mail, web site interactions, other machine mediated interactions, and e-mail, as well as in-person communications, which must be "good" in that

it must be helpful, positive, timely, useful, easy, and pleasant to the customer and it should provide information in such a way that the customer personally benefits with a minimum of effort necessary to decode the communication and determine its utility. Such communication is often personalized or delivered in person-to-person format.

## 1.10 Brief History Of Banks Under Study

### 1.10.1 History First Bank

First Bank of Nigeria Plc for over a century has distinguished itself as a leading financial institution and a major contributor to the economic advancement and development of Nigeria.

The bank was incorporated as a limited liability company on March 31, 1894, with Head Office in Liverpool by Sir Alfred Jones, a shipping magnate. It started business in the office of Elder Dumpster & Company in Lagos under the corporate name of the Bank for British West Africa (BBWA) with a paid-up capital of 12,000 pounds sterling, after absorbing its predecessor, the African Banking Corporation, which was established earlier in 1892. In its early years of operations, the Bank recorded an impressive growth and worked closely with the colonial government in performing the traditional functions of a Central Bank, such as issue of specie in the West African sub-region.

To justify its West African coverage, a branch was opened in Accra, Ghana in 1896 and another in Freetown, Sierra Leone in 1898. These marked the genesis of the Bank's international banking operations. The second branch of the bank in Nigeria was in the old Calabar in 1900 and two years later, services were extended to Northern Nigeria.

To reposition and take advantage of opportunities in the changing environment, the Bank had at various times embarked on restructuring initiatives. In 1957, it changed its name from Bank of British West Africa to Bank of West Africa. In 1969, the Bank was incorporated locally as the Standard Bank of Nigeria Limited in line with the Companies Decree of 1968. Changes in the name of the Bank also occurred in 1979 and 1991, to First Bank of Nigeria Limited and First

Bank of Nigeria Plc, respectively. In 1985, the Bank introduced a decentralized a decentralized structure with five regional administration.

To further enhance the Bank's operational efficiency, this was reconfigured into sixteen Area Offices in 2003. In view of the foregoing, it was therefore, a natural progression when in 2001, the Bank began the process of transformation process which began in earnest in 2001 gained momentum in 2003 and was launched on Tuesday, April 27, 2004 with the introduction of a new corporate identity. First Bank got listed on the Nigerian Stock Exchange (NSE) in March 1971 and as won the NSE president's merit Award eleven times for best financial report in the banking sector.

In line with the Bank's mission statement "remain true to our name by providing the best financial services possible" and is brand essence, "dependably dynamic", the bank will consistently transform itself as it forges ahead in its second century of qualitative banking to the nation.

### 1.10.2 History of Zenith Bank

Zenith Bank was established in May of 1990. It became a public limited company in June of 2004, and had an initial public offering on the Nigerian stock Exchange (NSE) on October 21 of that year. Also in 2004, credit rating agency Fitch Ratings identified its credit as AA- on long-term scale. As of November 2007, it is the largest company in the country and in all of West Africa, with total assets of =N=1.27 trillion (US$10.02 billion). In addition to Nigeria, the bank has branches in Ghana, South Africa, and the United Kingdom.

The company has a total of 3,911 employees as at November 2007.
The subsidiaries of the bank include: Zenith Insrance, Zenith Pension Custodian, Zenith Securities, Zenith Bank Ghana, Zenith Uk, Zenith Trust Company, CyberSpace Networks. The website of the bank is: htt:// www. Zeniyhbank.com.
The following are the awards won by the bank:

- 2007 African Bank of the Year (awarded by *African Investor* magazine)

- 2007 Quoted Company of the Year (awarded by Nigerian Stock Exchange)
- 2007 Socially Responsible Bank of the Year (awarded by African banker magazine)
- 2005 Most Respected Bank in Nigeria (awarded by Pricewaterhouse Coopers)
- 2005 Bank of the Year (awarded by *The Banker* magazine)

### 1.10.3 History of Intercontinental Bank Plc

In 1st March, 1989 Intercontinental Bank was established as a merchant bank in February under the name, Nigerian Intercontinental Merchant Bank Limited. Commenced business with paid up ordinary share capital of N12 million. In five years it became the most profitable merchant bank in Nigeria.

In September 1st 1989, its first subsidiary, Intercontinental Securities Limited (INTERSEC), an investment company was set up.

In the year 1993, the bank acquired substantial equity stake in Associated Discount House Limited (ADHL), the largest discount firm in Nigeria. In 1996, the bank acquired majority equity stake in Equity Bank of Nigeria limited, a nimble and dynamic commercial bank, to enhance commercial operations of the Group.

Also, in 1906, the bank acquired a controlling equity stake in an insurance company, West African provincial Company (WAPIC) plc, which expanded the Group's business into the lucrative insurance business. WAPIC is one of the biggest insurance companies in Nigeria.
In 1999, the bank became Intercontinental Bank Limited in July following conversion to a Commercial Bank. In the same year ADHL acquired another commercial bank, Gateway Bank Limited.

In 2000, Intercontinental Bank Converted to universal banking, while in 2002 became a publicly quoted company listed on the Nigerian stock exchange with IPO of 283, 995, 000 ordinary shares, which was fully subscribed.

In 2004, it made public Offer of 2.75 million ordinary shares in December, in its quest to exceed the new N25 billion shareholders funds as prescribed by the CBN. Subscribed by 136% and reaffirming investors' confidence in the bank.

2005, intercontinental Bank merged with three other banks: Equity, Gateway and Global in October. In the same year, it was 4$^{th}$ largest bank in Nigeria by all financial indices. Most seamless merger in the history of Nigeria. One of the highest capital base in Nigeria; N51.7bn (US$400m) Total Asset of N354 billion (US$2.7 billion) Total Deposit of N220 billion (US$1. 69 billion) Licensed to commence banking operation in Ghana. Well diversified with interest in mortgage, SME Finance, Capital Market, Insurance, Mutual Fund etc.

In the year 2006 it executed another public offer that grossed about N100 billion with subscription level hitting an unprecedented 774%.

In the year 2007, a consortium of five foreign financial institutions invested $161 million in the bank. This shored up the shareholders fund to $1.3 billion, making it the first Nigeria bank to cross the $1 billion capitalization threshold. Intercontinental bank has about 250 Branches spread all over the country.

### 1.10.4 History of Spring Bank Plc

Spring Bank Plc came into being on February 1, 2006 following the merger of six banks: ACB International Bank Plc, Citizens International Bank Plc, Fountain Trust Bank Plc, Guardian Express Bank Plc, Omega Bank Plc and Trans International Bank Plc.

Although the merger was induced by regulation, the primary objective was to create a leading Nigeria bank with capacity to compete internationally. The combined entity has shareholders' funds of N34.5 billion total assets and contingents of over N152 billion and 183 functional branches, which is expected to reach 250 in the next 24 months. Spring Bank Plc presently ranks among the top 10 banks in Nigeria, especially, by balance sheet size and branch network.

## 1.11 Brief History Of Tertiary Institutions Under Study

### 1.11.1 History of Nnamdi Azikiwe University

Nnamdi Azikiwe University, Awka is a Federal university in Nigeria. Its main campus is located in the southeastern part of Nigeria in Anambra State's capital, Awka, and a second campus is at Nnewi.

In 1991, after the former Anambra state was split into Anambra and Enugu States, the Awka and Newi campuses of the former Anambra State University of Science and Technology (ASUTECH) were combined into Nnamdi Azikiwe University, which was upgraded to a Federal University. The university is named after Nnamdi Azikiwe, the first president of Nigeria. The university offers a diverse range of courses of study, including Arts, sciences, Engineering, management Sciences, Medicine and Surgery, social sciences, law, African Languages, European Languages, and education. In the 2004- 2005 academic year there were 24,760 full- time students and 12,476 part-time students enrolled.

### 1.11.2 History of University of Nigeria

The University of Nigeria is in the Enugu state town of Nsukka. It was founded by Dr Benjamin Nnamdi Azikiwe, the first president of Nigeria. It is the first indigenous university in Nigeria.

Noted author Chinua Achebe has held research and teaching appointments at the university since the early 1970s. Astronomer Samuel Ejikeme Okoye founded the Space Research Center in 1972: the SRC remains one of the few institutions Africa that researches and offers courses in astronomy at both the undergraduate and graduate levels.

The university has two campuses, in Nsukka (university of Nigeria Nskka, UNN) and in Enugu (University of Nigeria Enugu campus, UNEC). UNEC houses the faculties of medicines, law, Business, Health Sciences and Environmental Studies. UNN houses the faculties of Agriculture, Arts, Biological Sciences, Education, Engineering, Pharmaceutical Sciences, physical Sciences, Social Sciences, and Veterinary medicine.

The medical school, in Enugu, has most of it activities in the university of Nigeria Teaching Hospital (UNTH), also in Enugu. Here, doctors and other health workers are trained with the highest standards and have proven over the years that they can effect a significant positive change in Africa and indeed the entire worlds' healthcare system. Doctors and indeed nurses trained in the institution are seen all over the world contributing to the advancement of medicine.

The college of medicine carried out the first open heart surgery in sub-Saharan Africa in 1974. It has since evolved into the center for cardio thoracic excellence for the West Africa region. A lot of medical research is also being carried out in the college. Most of the projects are nearing completion, but it is pertinent to note that some too, have fallen short of completion due to lack of finances and the Government's reluctance to fund private research

Of recent a lot of work has emanated from the Department of Pharmacology where a new agent against HIV was derived from a local plant source. Named "irab" the new agent is thought to be a fusion inhibitor and studies in initial clinical trials have show astounding results. Its motto is *To Restore the Dignity of Man.*

A law to establish a University in the Eastern Region of Nigeria was passed in 1955. While that marks the formal beginning of the history of the University of Nigeria, the enactment of this legislation was the culmination of many years of thought and discussion by several Nigerian leaders, and inspired particularly by the then premier of the Eastern Region, Dr Nnamdi Azikiwe. One of the first steps taken by the Eastern Nigeria Government towards the implementation of its commitment was an invitation to both the United States of America and the United Kingdom to send advisers to help in the planning of physical and educational aspects of the proposed university.

Under the joint auspices of the Inter-University Council for Higher Education and Overseas and the international Co-operation Administration (now the Chancellor of the United State Agency for International Development), J.W. Cook, Vice Chancellor of the University of Exeter, Dr John A. Hannah, President of Michigan State University and Dr Glen L. Taggart, Dean of

International programmes at the same university, came to Nigeria in 1958. The team surveyed the site at Nsukka, and extensively investigated a great variety of factors pertinent to the establishment of a new university. The results of their efforts were contained in a white paper issued by the Eastern Nigeria Government on 30 November 1958. They had recommended "that the development of the University of Nigeria based upon the concept of service to problems and needs of Nigeria, is a desirable project and one that should receive support from any source which could help to make it a sound endeavor".

They further recommended that a provisional council be established to 'draw upon the technical and consultative resources available throughout the world for help in planning the institution".

This provisional council, authorized by the Eastern Nigeria Legislature, was appointed by the Government in Council in April 1959, and given necessary financial and administrative powers to build a sound university.

The provision council reflected the spirit of international cooperation which has given birth to the institution. It consisted of Dr. Nnamdi Azikiwe, Chairman, Dr. T. Olawale Elias and Dr Okechukwu Ikejiani from the Federation of Nigeria, J.S. Fulton from the United Kingdom, Dr Marguerite Cartwright and Dr Eldon Lee Johnson from the united state of America.

The university was formally opened on 7 October 1960, as the climax to the Nigerian independence celebrations in the Eastern Region. Her Royal Highness, Princess Alexandra of Kent, representing Her Majesty Queen Elizabeth II at the Nigerian independence celebrations, performed the opening ceremonies and laid the foundation stone of one of the university's early buildings.

Classes began on 17 October 1960 with an enrolment of 220 students and 13 members of the academic staff. The opening convocation addresses were delivered by the Chairman of the provisional Council, Dr. Nnamdi Azikiwe, the first president of the federation of Nigeria, and by Dr John A. Hannah, president of Michigan State University, USA. Thus was the University born.

### 1.11.3 History of Federal Polytechnic Oko

The Federal Polytechnic, Oko was established in 1981 through the collective effort of the community as a self- help project. It is located in Orumba North Local Government area of Anambra State. The concept, planning and establishment of the tertiary institution of learning were executed through the Oko progressive Union, supported by the patronage, resourcefulness and result oriented leadership of its chairman, the former civilian vice- president of the Federal Republic of Nigeria, Dr. Alex Ekwueme.
Initially, the institution was approved by the Anambra State Government as a college of Arts and science in 1979. Thereafter, it was upgraded to college of Arts, science and Technology on June 28, 1980. The college was finally formalized as Anambra State Polytechnic, Oko, through edict No. 12 of 1985. Published as supplement to Anambra State of Nigeria Gazette No. 24, volume 10 of 27th June 1984. The quality of its education programmes and the availability of vital facilities necessitated the takeover of the polytechnic by the federal government of Nigeria in 1993. It is today known as the Federal Polytechnic, Oko.

The institution is located on a landmass covering 35.03 hectares. Various individuals and organizations donated the land as their contribution to the development of the institution. It is the rain forest area with undulating topography and beautiful scenario view.

The first Principal/Rector of the college was Mr. L.O. Ndu who pioneered its advancement through the college of Arts and Science days. The institution at that time offered remedial courses for students at the GCE ordinary and advanced level examinations until 1981.

As Anambra State Polytechnic, Professor C. Ezeilo of the Department of Mechanical Engineering, University of Nigeria, Nsukka, became its second Rector. It was during this era that the administrative and academic structures of the institution were established in line with its new status as polytechnic. The next Rector was Dr. A.B. Uzuakpunwa who was appointed in 1985. He was formerly a senior lecturer in Geology at the University of Nigeria Nsukka. During this era, infrastructural development was tackled giving rise to the provision of more classrooms, offices, a water borehole, roads and electricity. It was during this period that some of the programmes of the institution were accredited by the NBTC for the first time.

Chief E.O Nwadialor became the next Rector of the institution on appointment in 1988. He was first lecturer of the institution to be appointed a Rector in the polytechnic. As a chartered accountant with cognate experience in industry, commerce, public service and academics, he was largely responsible for the accreditation of many more HND and ND courses. His tenure witnesses a total transformation of both the human and material resources of the institution. Infrastructural development attained a remarkable landmark within the tenure. It is in this phase of polytechnic administration that the status of the institution changed from a State to a federal polytechnic.

Dr. U.C Nzewi was appointed the Rector of the institution in March, 1998. Before his appointment, he served the institution in many capacities. He was the founding Director of Uniair Programme, Director of school of Business studies and chief planning officer before his appointment as the Rector.

Prof. Uba Nwuba was appointed the rector of the polytechnic in May, 2002. Before his appointment, he was with the Nnamdi Azikiwe University, Awka as the Dean Faculty of Engineering. He has been severally Head of Department of Mechanical Engineering from the same university. His brief stay for the short period so far witnessed a renaissance in the polytechnic with well articulated technological educational policies and programmes.

**Government of the Polytechnic**

Federal polytechnic, Oko, is an autonomous public institution with general function of providing liberal higher education and encouraging the advancement of learning. The legal basis was enacted as Degree No. 33 of 1979 as amended by Degree No. 5 of 1993 establishing federal polytechnics. For the purpose of governance, Federal Polytechnic, Oko, is made up of Governing Council headed by its chairman, the Rector, the Academic Board, Convocation, Campuses and Schools, institutions and other teaching units of the polytechnic, all under-graduates of the polytechnic and all other persons who are members of the polytechnic, in accordance with the provisions made by the law.

**The council**

The council is the supreme governing authority of the polytechnic responsible for those decisions of policy which have financial implications, the general management of the affairs of the polytechnic and in particular the control of the properly and expenditure of the polytechnic. The council has powers to do anything, which in its opinion, is calculated to facilitate the carrying on of the polytechnic, the regulations of its constitution and conduct of the polytechnic. The Chairman is the head of the Governing Council with the Rector and Deputy Rector as members and the Register as secretary. Majority of Council membership is drawn from the public, and representatives of a variety of interests representing the federation.

**The Academic Board (AB)**

The formation of academic policies including the organization and control of all academic activities of the polytechnic is the responsibility of the polytechnic Academic Board. The academic Board is the coordinating body for recommendation from the various schools and departments. It consists of the Rector as its Chairman, the Deputy Rector, Heads of Department, coordinators, Chief Lecturers, Directors of Schools and the polytechnic librarian. The Registrar is the Secretary of the Academic Board according to the status of the polytechnic.

**1.11.4 History of Institute of Management Technology (IMT), Enugu**

The Institute of Management and Technology, Enugu was an amalgam of the college of Technology, which offered ordinary Diploma level Courses in Engineering and Laboratory Technology, and the Institute of Administration, which provided short in-service training course for civil servants of various grades. The then college of Technology was part of the Ministry of Education and was controlled directly by the Ministry. Similarly, the institute of Administration was controlled by the Ministry of Establishments. Both institutions were staffed by civil servants who were posted to the two institutions and could be re-posted to other Departments or Ministries according to the needs of their services. They were not specially recruited as teachers. Thus, the administration operation of the institutions closely followed the routine in the civil service. Both institution were separates and located on different sites.

The need for a higher institution of learning to upgrade the training in technological and management education still existed in spite of the presence of the two institutions. The academic programme of the College of Technology, Enugu, was no longer adequate for the assessed needs of Nigeria at the threshold of industrial take-off. It was known that if the industrialization of the country was to be achieved and maintained at a high standard, the technologists, technicians and professionals needed a better and more functional training. It was also clear that successful industrialization of any country depended on the availability of well- trained technologists as well as training of personnel with sound management skills and expertise.

Management education of the highest quality was a, therefore, a corollary of the professional and technological education. Management in this context is used in its broadcast sense including both business and personnel administration. An engineer in Nigeria needs training in management for maximum effectiveness. He is no longer to be narrow professional or technician concerned only with machines and structures. He has to understand fully the relationships and the social setting of his position as an engineer; he must be able analyze and assess the economic and social consequences of his decision, he has to work with people all the time and must therefore be acquitted with basic personnel and labour matters. He needs management tools to do all these. If these tools and altitude can be acquired all through the Engineering's training periods, it would be better.

This was the assessment of the Nigerian situation when the idea of an autonomous Institute of Management and Technology was conceived. In pursuance of the idea, the Executive Council of the State Government decided in October 1971, that the former College of Technology as and the Institute of Administration be merged and the resulting institute upgraded.

To give effect to this decision, both the Institute of Administration and the College of Technology came under the unified control of the Cabinet office 1st April 1972. In October of same year, a provisional Council of the proposed new institutes was appointed by the then East-central state Government. The provisional council interpreted its assignment as that of determining and recommending to the government the appropriate structure of an autonomous institute that produce high quality technologists and technicians as well as professional and managerial manpower in subject areas directed by State and National needs. Prof. Ukwu. I. Ukwu was the first Concil Chairman and Prof. M.O. Chijioke, the first Rector.

The council pursues its task with vigor and imagination and submitted a report early in Aril 1973. On 31st May 1973, Edict No. 10 of 1973, titled **the Institute** of **management and Technology Edict 1973**, was promulgated. The Edict took effect from 1st July 1973, which was the birthday of the Institute of management and technology (IMT), Enugu. The college of Technology and the Institute of Administration ceased to exist on 30th June 1973, and the IMT took over their roles, which it was equipped to perform more effectively and at a much higher level. In addition to the taking over of the educational functions of the institutions, the institute also took over their assets. These included the former institute of Administration premises, which initially housed the administrative offices of IMT (which it was obliged to temporarily relinquish to the State University in 1980) and building of the erstwhile college of Technology at Abakaliki road. In spite of the fact that some of the Abakalike Road buildings are old and of temporary nature, the area now constitute the main campus of the institute housing the administrative offices, some classrooms, and a large part of the students hostel.

For a brief period in 1985, the institute seemed to have lost its identity as a result of the merger with the Anambra state university of technology. This arrangement however lasted for only five months before relief came and the institute was reborn to the joy of staff and student like.

Today, the institute maintains two campuses II at Abakaliki Road and campus III at independence layout. Campus I which is still owned by IMT is being used by the Enugu state University of Science and Technology (ESUT).

In November 2002, the Library was moved to an Ultra-modern Library Block in campus II. This new block has room for the expected increase in the number of students and staff and for better library services.

In order to fit into the information and communication technology age, the IMT established in 2004, a knowledge Center in campus II to provide researchers and information seekers with quick answers through the internet. Equipped with 45 Pentium IV workstations and a 3.5 VSAT, this knowledge center is the first of its kind in Enugu and environs.

IMT believes that technology being a precious baby cannot be transferred but developed ingeniously. However, through foreign aid in areas of books and equipment donation, indigenous talents could be developed to manufacture products, which are relevant to Nigeria's technological development.

# CHAPTER TWO

## 2.0 REVIEW OF RELATED LITERATURE

### 2.1 Introduction

Most often, people's idea or works directly or indirectly influence others study about the same or related subjects. The essence of this chapter is to review and highlight past but relevant documented materials of renowned authors, which bear upon the present study. It, among other things, sets out the theoretical framework of the study. It covers the discussions on the historical background of the study, models and or theories relevant to the research questions and hypotheses, current literature in relevant variables, and a summary.

The researcher has been able to gather related materials for this study from textbooks, internet, professional and academic journals, and other scholarly materials.

Essentially, the researcher, in this chapter, will discuss the relevant existing knowledge, theories, and models and then relate or situate them to the study at hand.

### 2.2 Customer And Consumer: Definition And Distinction

It is important to distinguish between customer and consumer so as to set the stage for effective discussion of the concept of loyalty. This is necessary because these two concepts are used in the literature to describe loyalty, that is, in the literatures consumer loyalty and customer loyalty are used. Thus, the need to distinguish between customer and consumer,

Weitz, Castleberry, and Tanner (1998) defined consumers as those who purchase products and services for use by themselves or by their families. To Babalola (2003) a consumer is a person who consumes the product or services offered by a firm. He further observed that the consumers' need determines what the firm should produce. A customer, on the other hand, is defined, according to Bateman and Snue (1999) as a person who purchase the product or service an organization offers. To Bateman and Suneu, a customer may be or may not the user of the product or service they purchase.

Based on the foregoing views, we can distinguish between a customer and a consumer. The basic difference is that while the consumer uses the product offered by the firm, whereas the customer purchase the company's product or service but may or may not use the product. So a customer involves.
consumer and middlemen who purchase products and services offered by the firm for the purpose of using them or reselling them.

Bateman and Sneu (1999) maintained that both consumer and customer are the very reason why a firm is established. They also maintained that both consumers and customers play one basic role to the organization-that has to do with the money they provide to the organization for the service and products rendered by the firm for the survival of the firm.

Because of this relationship and closeness between consumers and customer, this study will see both as the same and ignore the minor difference between the two, just for the purpose of the study. So the two will be used interchangeably throughout this study. The import of this that both consumer loyalty and customer loyalty will be used interchangeably to mean the same in this study.

Seemingly, for the purpose of this study, a student refers to any undergraduate studying in a tertiary institution. They are also referred to as customer in this study in so far as they have accounts with the banks.

## 2.3 Customer Loyalty: What It Is Not And What It Is.

To better understand the concept of customer loyalty, it will be appropriate to first define what customer loyalty is not. Once this is done, we then proceed to define what customer loyalty is.

### 2.3.1 Customer Loyalty: What It Is Not

Customer loyalty is not customer satisfaction. Satisfaction is a necessary component of loyalty or secure customer. However, the mere aspect of being satisfied with a company does not necessarily make customer loyalty (Hair, Bush, and Ortinau, 2000). Just because customers are satisfied with a company today does not mean they will continue to do business with the company in the future .

Customer loyalty, Kotler and Keller (2006) argued, is not a response to trial offers or incentives. They sustained that if customers suddenly begin buying a company's product or service, it may be the result of a special offer or incentive and not necessarily a reflection of customer loyalty. These same customers may be just as quick to respond to your competitor's incentives.

Hair, Bush, and Ortinau (2000) further sustained that customer loyalty is not strong market share. They argued that many businesses mistakenly look at their sales numbers and market share figures and think they are surrogates for direct measures of customer loyalty and that their firm would not have been enjoying high levels of market share if their customer do not love them. However, this may not be true. Many other factors can drive up market share, including poor performance by competitors or pricing issues. And high market share do not mean low churn (the rate at which existing customers leave a company- possibly to patronize your competition-and replaced by new customers).

Customer loyalty is not repeat buying or habitual buying (Hair, Bush, and Orinau, 200). Many repeat customers may be choosing a company's products or service because of convenience or habit. However, if they learn about a competitive product that they think may be less expensive or better quality, they may quickly switch to that product. Habitual buyers can defect; loyal customers usually do not.

### 2.3.2 Customer Loyalty: What It Is?

Now that we know what does not constitute customer loyalty, we can talk about what does. Customer loyalty is a composite of a number of qualities. It is driven by customer satisfaction, yet it also involves a commitment on the part of the customer to make a sustained investment in an ongoing relationship with a brand or company (Amanda and Brandt, 1995). Customer loyalty according to Peter and Olson (1999) is defined as an intrinsic commitment to repeatedly purchase a particular product or service. Peter and Olson distinguish customer loyalty from purchase behaviour in that the later focuses only on the behavioural action without concern for the reasons for the habitual response. Hair, Bush, and Otinau noted that loyal customer repeatedly purchase products or service and they recommend a company a to others. To this end, kotler (2001) observed that customer loyalty occurs when a customer buy one brand all the time.

To Ehigie (2006) citing Szymigin and Carrigan (2001), customer loyalty is a feeling of commitment on the part of the consumer to a product, brand marketer, or service above and beyond that of the competitors in the market place, which result in repeat purchase. Kotler and Keller (2006) defined it as a commitment to re-buy or re-patronize a preferred product or service.

Oliver (1999) cited in Beerli, Martin, and Quintana (2002) observed that generally customer loyalty has been, and continues to be, defined as repeat purchasing frequency or relative volume of same-brand purchasing. They further argued that definitions in the literature suffer from the problem that they record what the consumer does, and none taps into the psychological meaning of loyalty. To this end, Oliver in Beerli, Martin, and Quintana (2002:254) defined customer loyalty as:

> *.... deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour.*

Supporting Oliver's perspective, Jacoby and Chestnut (1978) had earlier explored the psychological meaning of loyalty in an effort to distinguish it from behavioural (i.e. repeat purchase) definitions. Their analysis concludes that consistent purchasing as an indicator of loyalty could be invalid because of happenstance buying or a preference for convenience and that inconsistent purchasing could mask loyalty if consumers were multi-brand loyal.

Therefore, loyalty is a concept that goes beyond simply purchase repetition behaviour since it is a variable which basically consists of one dimension related to behaviour and another related to attitude, which commitment is the essential feature (Beerli, Martin and Quintana,2002; Jacoby and Chestnut, 1978). According to Jacoby and Chestnut (1978), Solomon (1992), Amanda and Brandt

(1995), and Dick and Basu (1994), the combination of these two components enable us to distinguish two types of customer loyalty concepts:

1. Loyalty based on inertia, where a brand is bought out of habit merely because this takes less effort and the consumer will not hesitate to switch to another brand if there is some convenient reason to do so (behavioral loyalty); and

2. True brand loyalty, which is a form of repeat purchasing behaviour reflecting a conscious decision to continue buying the same brand, and it must be accompanied by an underlying positive attitude and a high degree of commitment toward the brand (attitudinal loyalty).

Amanda and Brandt (1995) in their work posited that customer loyalty should reflect a combination of *attitudes* and *behaviours.* According to them, these *attitudes* include:

- The intention to buy again and/or buy additional products or services from the same company.
- A willingness to recommend the company to others.
- A commitment to the company demonstrated by a resistance to switch to a competitor.

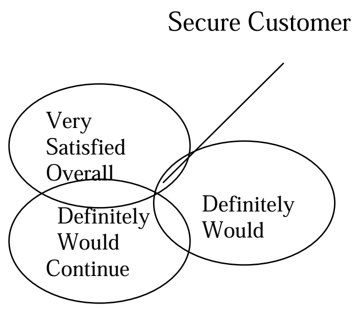
Also, according to them, customer *behaviour* that reflects loyalty includes:

- Repeat purchasing of products or services.
- Purchasing more and different products or service from the same company.
- Recommending the company to others.

Amanda and Brandt sustained that any of these attitudes or behaviours in isolation does not necessarily indicate loyal customers. However, by recognizing how these indicator work together in a measurement system, they derived an index of customer loyalty, or in a broader sense, what they called Customer Security Index. Accordingly, Amanda and Brandt developed what they called the Secure Customer Index or the Customer Loyalty Index using three major components to measure customer loyalty, namely:

- Overall customer satisfaction
- Likelihood of repeat business, and
- Likelihood to recommend the company to others.

They developed the following model, which they called the Customer index or the customer loyalty index:




**Source:** Amanda prus and D. Randell Brandt, "Understanding Your Customer – What You Can Learn From a Customer Loyalty Index," *Journal* of Marketing Tools (July/August 1995), pp. 10-14

They further maintained that other elements may be included in the index depending upon the industry, while arguing that these three components are the core of a meaningful customer loyalty index.

Evidently, considerable discussion exist in the academic literature over the definition and dimensionality of loyalty or similar constructs like commitment (e.g Dick and Basu, 1994; Oliver, 1999; Jacoby and Chestnut, 1978; Solomon, 1992; Amanda and Brandt, 1995,; Kotler and Keller, 2006). Commitment, for example, has been defined as the desire to continue a relationship, along with the willingness to work towards that continuance and the expectation that the relationship will continue (Wilson, 1995; Anderson and Weitz, 1989). As we have seen, similar definitions, based on attitude and behavioral intentions, exist for loyalty, but much of the original work on loyalty defined it in behavioral terms (repurchase or purchase frequency), and then later admitted an attitudinal component (Jacoby and Chestnu, 1978; Amanda and Brandt, 1995).

Ganesh, Reynolds, and Arnold (2000:71) found two factors in their loyalty items, active loyalty (word-of-mouth and intention to use) and passive loyalty (not switching even under less positive condition). Other authors have considered loyalty as a process rather than an outcome. Oliver (1997), for example, distinguishes among four stages of loyalty: cognitive, affective, conative, and action loyalty. Clearly loyalty is a rich concept with many possible definitions.

### 2.3.3 Types Of Customer Loyalty

Kotler (2000) identified types of customer loyalty:

1. *Hardcore loyalist*- these are consumers who buy only one brand all the time.
2. *Split loyalist*- these are consumers who are loyal to two or three brands.
3. *Shifting loyalist*- these are consumers who show no loyalty to any brand.

Peter and Olsen (1999) also identified four types of consumer loyalty:

1. *Brand loyalist*:- they are the people who have affective ties to one favorite band that they regularly buy. In addition, they perceive that the product category in general provides personally relevant consequences. Their intrinsic self-relevance includes positive means and knowledge about both brand and the product category and leads them to experience high levels of involvement during decision- making. They strive to buy brand for their need.

2. *Routine Brand Buyers:* they have intrinsic self-relevance for the product category but they do not have a favorite brand that they buy regularly (little brand switching) for the most part, their intrinsic self relevance with a brand is not based on knowledge about the means- and of product attributes. Instead, these consumers are interested in other types of consequences associated with regular brand purchase. These beliefs can lead to consistent purchase, but these consumers are not interested in getting the "best" brand; a satisfactory one will do. The other two segments have weaker levels of intrinsic self-relevance for a particular brand. Information seekers and brand switchers do not have especially positive means and knowledge about a single, favorite brand.

3. *Information Seekers*- they have positive means and knowledge about the product category but no particular brand stands out as superior. These

consumers use a lot information to find out a good brand. Over time, they tend to buy a variety of brands in the product category.

4. *Brand Switchers*- they have low intrinsic self-relevance for both the brand and the product category. They do not see that the brand or the product category provides important consequence, and they have no interest in buying the best, they have no special relationship with either the product category or specific brands. Such consumers tend to respond to environmental factors such as price deals or other short- term promotions that act as situational source of involvement.

For the purpose of this study we are concerned only with the first type of consumer loyalty from the two classifications, that is Hardcore loyalist and brand loyalist because these are the type of consumer loyalty that business manager and marketers are striving to create in their customer. By consumer loyalty that is exactly what we mean and that is what firms are striving critically to achieve in their buyers.

## 2.4 Brand (Or Product) Loyalty And Service Loyalty: Definition And Distinction

We recall that Ehigie (2006) citing Szymigin and Corrigan (2001) defined customer loyalty as "a feeling of commitment on the part of the consumer to a product, brand, marketer, or services above and beyond that of the competitors in the market place, which results in repeat purchase," Based on this definition, we posit that customer loyalty has several derivatives: brand loyalty, product loyalty, marketer loyalty, service loyalty, bank loyalty e.t.c.In other words, a customer could be loyal to a product, brand, marketer, service provider, bank etc.

Essentially, since this work anchors more on bank loyalty, which is a derivative of service loyalty (while service loyalty is a derivative of customer loyalty), it is important to distinguish between brand/products loyalty from service loyalty because services significantly differs from products.

Research into customer loyalty has focused primarily on product related or brand loyalty, whereas loyalty to service organizations has remained under exposed (Gramler and Brown, 1996). Frequently, a high positive correlation between the constructs of satisfaction and quality and product loyalty is reported in the literatures. Likewise, with regards to service loyalty, perceived service quality as well as satisfaction have been identified as key antecedents in banking as well as in other service industries (Dick and Basu, 1994; Lewis, 1993).

However, there are a number of reasons why findings in the field of product loyalty cannot be generalized to service loyalty and more research into specific service sectors is needed (Gremler and Brown, 1996). Service loyalty is more dependent on the development of interpersonal relationship as opposed to loyalty with tangible products (Berry, 1983), for person to person interaction form an essential element in the marketing of services (Czepiel, 1990; Surpremant and Solomon, 1987) Furthermore, the influence of perceived risk is greater in the case of services, as customer loyalty may act as a barrier to customer switching behavior (Zenithal, 1981). Indeed, it has been demonstrated that loyalty is more prevalent among service customers than among customers of tangible products (Snyder, 1986). In the service context, intangible attributes such as reliability and confidence may play a major role in building or maintaining loyalty (Dick and Basu, 1994).

## 2.5 What Is Bank Loyalty?

We wish to reinstate that bank loyalty is a derivative of service loyalty, while service loyalty is derivative of customer loyalty (Ehigie, 2006). Service loyalty refers to commitment on the part of the consumer or customer to a service provider. Thus, bank loyalty refers to a customer that is loyal to a bank. Put differently, bank loyalty is a phrase used to refer to a loyal customer to a bank. Fisher (2001: 79) defines/ describes a loyal customer to a bank as "one that will stay with the same service prouder, is likely to take out new products with the bank and is likely to recommend the bank's services."

According to Bloomer, Ruymer, and Peters (1998: 277) defined bank loyalty as:

> *The biased (i.e. non random) behavioral response (i.e. revisit), expressed over time, by some decision-making unit with respect to one bank out of*

*psychological (decision-making and evaluative) processes resulting in brand commitment.*

This definition is obviously based on Jacob and chestnut (1978). The critical part of the definition of bank loyalty by Bloomer, Ruyter, and Peters is bank commitment. In theories of interorganisational relationships the concept of commitment plays a central role (Morgan and Hunt, 1994). Commitment in service provider-customer relationships has been defined as “an implicit or explicit pledge of relational continuity between exchange partners” (Dwyer, schurr, and Oh.S, 1987 in Bloomer, Ruyter, and Peters, 1998). Likewise, Moorman (1992) in Bloomer et.al defined commitment as an enduring desire to maintain a valued relationship.

Parties identify commitment among exchange as key to achieving valuable outcomes for themselves, and they endeavor to develop and maintain this precious attribute in their relationship (Morgan and Hunt, 1994). Bloomer et.al. (1998) proposed that bank commitment is a necessary condition for bank loyalty to occur. In case of absence of bank commitment, a person to a bank is merely spuriously loyal i.e. repeat visiting behaviour is directed by inertia (Dick and Basu, 1994).

Thus, to Bloomer et.at. (1998: 277) bank commitment is defined as: “the pledging or binding of an individual to his/her bank choice.” They sustained that as a result of explicit and extensive decision-making as well as evaluative processes, as consumer becomes committed to the bank and therefore, by definition becomes bank loyal. Hence, when the decision- making and evaluative processes are not explicit and very limited, the consumer will not become committed to the bank and cannot be bank loyal.

Consumers whose patronage is not based on bank loyalty may exhibit an attachment to bank attributes and can easily be lured away by competitors through, for instance, pricing strategies. In the view of Bloomer et.al, the level of consumer commitment can differ considerably. Therefore, they posited that there is a continuum of bank loyalty. At one end of the continuum, one finds true bank loyalty: the repeat visiting behaviour based on a maximum amount of commitment. At the other end of the continuum, one finds spurious bank loyalty: the repeat visiting of the bank not based on any commitment at all. In this way, bank commitment enables us to define a degree of bank loyalty.

### 2.6 Need For Consumer Loyalty

Olson and Peter (1999) pointed out that in today's hyper competitive market place, that retaining customer is critical for survival and far more profitable than constantly fighting to attract new customers. However, because of factors such as the abundance of choices available in most product categories, the availabilities of information about them, the similarity of many offering, the demand for value and the lack of time to always find a particular brand, there is evidence that loyalty to particular brand is decreasing in many product categories.

Belch and Belch (1998) maintained that it is often more cost effective to retain than to acquire new customers. Marketers are giving more attention to the life time value of a customer because studies have shown that reducing customer defection by 5 percent can increase future profit by as much as 30 to 90 percent.

Weitz et (1998) while commenting on the need for firm to create consumer loyalty pointed out that successfully retaining customer is important to all companies. A study carried out in the United States, as cited by Weitz et al (1998), reported that 65 percent of the average company's business comes from current customers. Another study found out that the cost of acquiring a new customer to be five times the cost properly servicing a current customer and retaining that customer's business (see Koller, 2006).

Some industries are only now beginning to recognize the value of retaining customers because they lose customers as rapidly as they create new ones. For example if a company can retain only 2 to 5 percent more customer (instead of losing those customers to competition), the effect on the bottom line is the same as cutting costs by 10 percent (see fisher, 2001). Similarly, it takes an average of seven sales calls to close a first sale but only three to close a subsequent sale. Thus, selling to loyal consumers not only costs less, but is also easier. Loyal customers are also worth more in terms of revenue that some salespeople recognize. For example a care salesperson may think only of the immediate sale, but each loyal consumer is potentially worth hundreds of thousands of Naira of Dollars in revenue over the sales person's lifetime.

Kotler and Armstrong (2001) while commenting on the need of consumer loyalty made it clear that today's companies face their toughest competition ever. They made it clear that to succeed in today's fiercely competitive market place companies must have to move from focusing on immediate sale, they should focus attention on attracting and retaining customers. Kotler and Amstrong (2001) also made it clear that companies should try and create loyalty in their buyers because losing a customer means losing more than a single sale: it means losing the entire stream of purchase that the customer would make over a life time of patronage. They defined CUSTOMER LIFETIME VALUE as the amount by which revenues from a given customer over time will exceed the company's cost of attracting, selling and servicing that customer. Kotler and Armstrong went further to say that loyal customer is more likely to give the company a larger share of the market or the business. They concluded by noting that loyal customer produce several benefit for the company: loyalty customer are less price sensitive, talk favorable to other about the company and its products.

Hair et al (2000) explained that the idea that loyal customer are especially valuable is not new to today's business managers. Loyal customers repeatedly purchase product or services. They recommend a company to others. And they stick with a business over time. Loyalty customers are worth the special effort it may take to keep them.

Mittel and Lassar (2003) while commenting on the need for consumer loyalty made it clear that the rest of the world is recognizing consumer loyalty as a path to long-term business profitability. He gave an illustration of two firm, say "A" and "B", with identical facilities, product line and capacity. Both have the same customer number and consequently with the same degree of facility utilization. However firm "A" has a loyal following of customers. In contrast, firm B focuses on attracting new buyers every year because the old buyers never return. Which one of them will give or have greater profitability or which is being run more cost-efficiently? The answer is very clear: without question, it is firm "A"- the one with loyal customers following. This is because finding new customer and doing business with them takes time, effort and money. Firm “B” for example has to invest heavily in advertising to customer and in personal selling, so as to attract new buying. Then it has to spend the effort and precious employee time in setting up new buying records, for understanding each buyer’s needs, and guiding them through the transaction procedures.

The same is true for other service business. Insurance agent know, for example, how cumbersome it is to obtain new customers and to set up their policies. Car mechanics that have handled a particular car in the past become more efficient in diagnosing new problems. Stockbrokers understand their established clients’ financial goal better. And repeat guest in a hotel are familiar with the hotel facilities and will call upon employee to seek information. Some business analysts have suggested that the cost of recruiting a new customer is five times more than the cost of retaining an existing customer (Barsky, 1994, Reicheld and Sasser, 1990 as quoted in Mutal and Lassar, 2003).

Mutal and Lassar also pointed out that doing business with continuing customer save money on a variety of recruitment cost:

- Costs of advertising to entice new customers;
- Costs of personal selling pitch to new prospects;
- Cost of selling up new account;
- Costs of explaining business procedures to new clients; and
- Costs of inefficient dealing during the customers learning process.

Agreeably, loyal customers profit the company more by way of cost savings. The longer a business firm can keep a customer, the greater the lifetime revenue from that customer. Furthermore, while revenue increases from the same customer, the cost of servicing him or her declined. Thus consumer loyalty becomes an important source of long-term business success.

Divet el al (2002) stated that consumer loyalty is considered an important key to organizational success and profit. Oliver (1990) as quoted in Divet el al (2002:1) stated that “those consumers that demonstrate the greater levels of loyalty toward the product or service activity tend to repurchase more often and spend more money”. In the final analysis, firms are now recognizing that consumer or customer loyalty is very important for more profitability. Also they are now recognizing that not losing customers is far more important than getting new buyers or prospects. They identified consumer loyalty as a crucial determinant of business success.

### 2.7 Various View On How To Achieve Consumer Loyalty

Evidence abounds (e.g. Duncan and Eliot, 2002; Kish, 2000) showing links between customer loyalty and organization profitability, implying that any organization with loyal customer has considerable completive advantage. This makes studies on customer loyalty essential for bank management. Customers are more likely to be loyal if there is a customer-oriented climate (Clark, 1997). Such climate is established when organizations try to identify genuine customers and design products to meet those needs (Bridgewater, 2001). Valued customers' require truly personalized service, which Szymigin and Carrigan (2001) explain as knowing what customers want and do not want and then ensuring that they get what they want. Customers can and do change their bank if their expectations are not met by their existing service provider (Szymigin and Corrigan, 2001). The problem is that customer rarely tells the bank manager in advance what they have decided to do especially when they decide to leave their existing bank for a competitor (Kish, 2000). In aiding bank management to overcome the problem of customer defection, it becomes imperative for researchers to identify what is in the minds of customers of bank services when they compare what should be offered and provided, and what is actually offered and provided (Stafford, 1994).

Firms are realizing the value of keeping customers loyalty but no one knows for sure how to do it best, because of many view on how consumer loyalty could be achieved. Put differently, several factors have been reported as relevant for gaining customer loyalty. The following are the views of some relevant leading selected scholars.

#### 2.7.1 Achieving Consumer Loyalty Through Satisfaction.

Although several factors have been reported as relevant for gaining customer loyalty, nonetheless, customer satisfaction is highly recognized for its fundamental role (Jamal and Naser, 2002). Scholars have also paraded satisfaction through basic marketing as an approach for achieving consumer loyalty. Despite many attempts to measure and explain consumer satisfaction, there still does not exist a consensus regarding its definition (Giease and Cede 2000). However, the following are scholars' views on definition of satisfaction.

According to Peter and Olsen (1999), given its importance to marketing strategy, sustained that satisfaction has been the subject of considerable academic research. Although there are variety of theories and approaches to studying satisfaction, the expectancy disconfirmation with performance approach is the most current formation. Basically this approach view consumer satisfaction as the degree to which a product or service provides a pleasurable level of consumption-related fulfillment. In other words, it is the degree to which a product's performance exceeds the consumer's expectation for it.

Pre-purchase expectations are the consumer's beliefs about anticipated performance of the product and post-purchase perceptions are the consumer through about how well the product performed. Disconfirmation refers to the difference between the two. There are three types of disconfirmation. First there exists positive disconfirmation, which occurs when product performance is better than expected. Second, there is negative disconfirmation, which occurs when product performance is worse than expected. This situation is thought to lead to dissatisfaction. Finally, there is neutral disconfirmation in which performance perception just meets expectations. Whether the consumer satisfied or not in this case depends on other variables, such as the level of expectation and performance.

Kolter and Armstrong (2001) defined consumer satisfaction "as the extent to which a product's perceived performance matches a buyer's expectation". Consumer satisfaction with purchase depends on the product's actual performance relative to a buyer's expectation. A customer might experience various degree of satisfaction. If the product's performance falls short of expectation, the customer is dissatisfied. If performance matched expectations, the customer is satisfied. If performance exceeds expectations, the customer is highly satisfied or delighted. Belch and belch (1998:120) defined customer satisfaction "as the condition that exist or occur when the Consumer's expectations are either met or exceeded".

Customer satisfaction is a concept that has been widely debated in literature and for which numerous definitions has been made, but researchers have yet to develop a consensual definition of this concept. In this sense, Oliver (1997:13) notes, "everyone know what (satisfactaction) is until asked to give a definition. Then it seems nobody knows." Giese and Cote (2000) suggest in their literature review that consumer satisfaction comprises three basic components:

1) *The type of response,* that is to say, whether the responses is cognitive, affective or cognitive, and its level of intensity, athough those authors concluded from their validation, carried out by means of group and personal interview data, that satisfaction is a summary affective response which varies in intensity;
2) *The center of interest or the subject on which the response is focused*, which could be based on an evaluation of product-related standard, product consumer experiences and/or purchase-related attributes (e.g. salesperson); and
3) The moment in time at which the evaluation is made, which may be before choice, after choice, after consumption, after extended experience, or just about any other time.

This theoretical framework enables us to develop specific definitions adapted to the conditions of the context specific to each study, which are conceptually richer and more empirically useful than a generic definition, making it easier to interpret and compare empirical results. Along these lines, Halstead et al (1994) regard satisfaction as an affective response, focused on product performance compared to some repurchase standard during or after consumption. Mano and Oliver (1993) established that satisfaction is an attitude or evaluative judgment varying along the hedonic continuum focused on the product, which is evaluation based on the total purchase and consumption experience focused on the perceived product or service performance compared with repurchase expectations overtime. Oliver (1997, 1999) regards satisfaction as a fulfillment response / judgment, focused on product or service, which is evaluated for one-time consumption or ongoing consumption.

Satisfied customers are more likely to concentrate their business with one bank (Reichheld, 1993), provide recommendations for the bank and invariably reduce a bank's cost of providing services because there are fewer complaints to deal

with. Customer satisfaction is, thus not only linked to loyalty, but is also linked to bank revenue generation (federal Express, 1992; Winstanley, 1997). However, it has been shown that the relationship between satisfaction and loyalty is neither linear nor simple (Jones and Sesser, 1995). High levels of measured satisfaction sometimes go hand in hand with a continuous increase in customer defection and within a banking context, the reasons are not so clear (Boolmer et al., 2002). The interactions between customer satisfaction and loyalty have, therefore been hard to define (Oliver, 1999).
The impact of satisfaction on customer loyalty is rather complex. Fisher (2001) believes that customer satisfaction accounts for only part of why people change product or service providers. Other studies have shown that customer's satisfaction is a leading factor in determining loyalty (e.g. Anderson and Fornell, 1994; Rust and Zahorik, 1993). Thus there are conflicting report on the relationship between customers satisfaction and loyalty, making it imperative for more empirical studies to address this relationship issue. The present study; however predict that customer's satisfaction will correlate positively with bank customer loyalty.

Customer satisfaction is believed to be influenced by some other variables, which include service quality perception and expectation (Patterson et al, 1997; Szymanski and Henard, 2001). This is exemplified in the disconfirmation paradigm, which explains that when perceived product performances equal to expectations the consumer is satisfied but when it exceed a customer's expectation (a positive disconfirmation) the customer feels delighted but if the perceived performance falls short of a customer expectation (a negative disconfirmation), then the costumers feels dissatisfied (see Schiffman and kanuk, 2004).

Researchers acknowledge the importance of customers' satisfaction and service quality perception as predictors of customer's loyalty (e.g Bloomer et al, 2002 Szymanski and Heard, 2001). However, Newman (2001) believes that the true value of customer satisfaction and services quality in contributing to genuine attitudinal loyalty remain open to some debate. Such conflicting opinions make provision for further studies (James and Nasser, 2002). It is predicted therefore that customer satisfaction and service quality perception would jointly predict customer loyalty.

Though the role of costumer's expectation in predicting loyalty has been implied in the disconfirmation paradigm, but its measurement has been challenged. For instance, Teas (1999) question the interpretation and operationalization of expectations. Avkiran (1999) notes a tendency to set expectations higher than perceptions thus making a gap between perception and expectation inevitable. These contradictory reports make it essential for contemporary studies to measure customers' expectation, perceived service quality, and satisfaction separately and examine how they are associated with loyalty.

### 2.7.2. Achieving Consumer Loyalty Through Product and Service Quality.

Mittel and Lassar (2003) opined that one of the most unexamined assumptions marketing firms have made in recent years is that satisfaction alone will guarantee consumer loyalty. Mittel and Lassar questioned this assumption. They pointed out that as many as half of the "satisfied" customers are predisposed to switching to another firm. High degree of satisfaction did not translate into loyalty. Customer who report a high satisfaction rating still posses a predisposition to brand switching. Satisfaction rating does not ensure loyalty, they maintained the satisfaction and loyalty rating are correlated; however, this relationship is asymmetrical: while dissatisfaction guarantees patronage switching, satisfaction dose not guarantee loyalty. Loyalty disposition always lag satisfaction ratings. Notwithstanding the popularity of satisfaction surveys, the dynamics of satisfaction and loyalty defy intuitive assumptions mangers typically make.

They also maintained that business managers should design the drivers of loyalty beyond satisfaction. They confirm that customers who report high satisfaction rating sting still possess a pre-disposition to brand switch. They also admitted that dissatisfied customers would definitely switch, so you cannot ignore satisfaction, but that alone cannot guarantee consumer loyalty. Mittel and Lassar established that SALE PROMOTION is not a way to create loyalty. They opined that using sale promotion to pursue consumer loyalty means bring customers with rewards. Sales promotion, "points-mean prizes" schemes and the like or else using satisfaction as a surrogate for loyalty. Loyalty is not price sensitive and using price to instill loyalty creates loyalty to the sales promotion rather than loyalty to the business. Finally they posit that satisfaction is a prerequisite for loyalty but is not sufficient on its own. They recommended that mangers should become exceptional in their service and product quality for them to resist pressure and be in a good stand to grow and succeed.

Bank management needs to emphasize service quality. Service quality relates to customers' perception or judgment of service (Harrison, 2003). Due to the fact that banks do not provide tangible products, their service quality is usually assessed by measures of the service-provider's relationship with customer. Accordingly, to increase service quality, banks management should pay attention to banks staff skill possession, knowledge, attention to customer and their needs, offering of fast and efficient services and general attitude to customer services. Other issues for gaining customer loyalty through service quality in the Nigerian banking system include confidentiality in transaction, trustworthiness of bank, introduction of weekend banking, extension of banking hours, and provision of insurance for customers. In addition, there is need for the management of banks to intermittently train their workers on relationship marketing skills. Such training would build a customer-oriented climate in which contact staff can deliver service efficiently and effectively, acknowledging that acquiring and retaining customers is the very essence of marketing. Consequently, customer relations behaviour can serve as the criteria for bank staff performance evaluations and promotions.

### 2.7.3. Achieving Customer Loyalty Through Relationship Marketing.

Some research totally disagree that satisfaction alone through the 4Ps of marketing can give business firms unwavering loyalty from their consumers (Nkamnebe and Olise 2003; Gronroos 1994; and Jackson 1985). The marketing mix management paradigm has dominated marketing thought, research and practice since it was introduced almost 40 years age. New approaches have been emerging in marketing research. The globalization of business and the evolving recognition of the importance of customer retention and market economies and of customer relationship economy, among other trends, reinforce the change in mainstream marketing (Nkamnebe and Olise 2003).

Nkamnebe and Olise advocate relationship building and management as an approach for ensuring/consumer loyalty. What then is relationship marketing? Revald and Gronroos (1996) observed that "the core of relationship marketing is relations, a maintenance of relation between the company and the action in its micro-environment". They further posited that the idea is first and foremost to create customer loyalty so that a stable mutually profitable and long-term relationship is enhanced.

Ballantyne. (1997), in Mattson (1997), observed that relationship marketing is an emergent disciplinary framework for creating, developing and sustaining exchanges of value between the parties involved, whereby exchange relationships evolve to provide the continuous and stable links in the supply chain.

To Bennett (1996), consumer relationship marketing seeks to establish long-term, committed, trusting and co-operative relationship with customer, characterized by openness, genuine concern for the delivery of high quality goods and services, responsiveness to customer suggestions, fair dealing, and crucially the willingness to sacrifice short-term advantages for long-term gain. Suppliers attempt to create and strengthen lasting bonds with their customers: they shift from attempting to maximized profits on each individual transaction towards the establishment of solid, dependable and above all, permanent relationships with the people they serve.

Kotler and Armstrong (2001) stated that relationship marketing is the process of creating, maintaining and enhancing strong, value-laden relation with customers and other stakeholoders. Beyond designing strategies to attract new customers and create transaction with them, companies go all out to retain current customer and build profitable, long-term relationships. The new view is that marketing is the science and art of finding, retaining and growing profitable customers.

Tzokas and Saren, (1996) posited that relationship marketing is the process of planning, developing and nurturing a relationship climate that will promote a dialogue between a firm and its customer with aims to imbue an understanding, confidence and respect of each other's capabilities and concerns when enacting their role in the market place and society.

According to Gummesson (1990) relationships marketing can be viewed as the building-maintenance and liquidation of networks and interactive relationship between the suppliers and the customer with long-run implications.

To Bennett (1996), relationship marketing fundamentally involves the total fulfillment of all the promises given by the supplying organization, the development of commitment and trust and the establishment (where possible) of personal contacts and bonds between the customer and the firms representatives; the eventual emergence of feeling with each party of mutual obligation, of having common goals, and of involvement with and empathy for the other side.

It has been argued that the marketing mix paradigm may get markets alienated from the customer (Nkamnebe and Olise, 2003; Bennett, 1996). Because managing the marketing mix means relying on mass marketing, thus customer became numbers for the marketing specialist, whose action, therefore, typically are based on surface information obtained from market research reports and market share statistics. Frequently such markets act without ever having encountered a real customer. Marketing mix paradigm has also made managers as well as their subordinates in other departments and functions not to take part in the marketing function. But according to the relationship marketing approach, they do undoubtedly belong to the function. They maintained that the use of marketing mix management and the four Ps has made it very difficult for marketers to maintain loyalty from their customers. The scholars therefore called for a paradigm shift from marketing mix to relationship marketing as a way to achieving customer loyalty (Gronroos 1994, Nkamnebe and Olise, 2003 and Brodie 1997). They also admitted that relationship marketing is not a replacement of the philosophy that drives marketing concept (customer satisfaction). Rather it is the expansion of the same concept to meet the challenges of emerging society (Nkamnebe and Olise 2003 and Gronroos 1994).

Gronroos, a chief proponent of this school of thought, in 1994, indentified the PROMISE CONCEPT as a key element of the relationship marketing. According to him the responsibilities of marketing do not only, or predominantly, include giving promises and thus persuading customer as passive counterparts on the market place to act in a given way. A firm that is preoccupied with giving promises may attract new customers and initially build relationships. However, if promises that have been given are not met, the evolving relationship cannot be maintained and enhanced. Fulfilling promises that have been given is equally important as means of achieving customer loyally and long-term profitability.

Another key element is "trust". The resources of the seller-personnel, technology and system-have to be used in such a manner that the customer's trust in the resources involved and, thus, in the firm itself is maintained and strengthened. Moorman et al (1990) as quoted in Gronroos (1994) defined trust as a willingness to rely on an exchange partner in whom one has confidence. This definition means, first of all, that there has to be belief in the other partner's trust-worthiness that result from the expertise, reliability or internationality of that partner. Second, it views trust as a behavioral intention or behavior that reflects reliance on the other partner and involves uncertainty and vulnerability on the part of the trustor. If there is no vulnerability and uncertainty, trust is unnecessary, because the trustor can control the other partner's action. One should, however bear in mind that in many relationship marketing situations, it is not clear who is the trustor and who is the trustee, more likely, for example in a simple two-partner relationships, both partners are in both positions. Also, the relationships are often more complex than mere exchange relationships.

### 2.7.4. Achieving Consumer Loyalty Through Switching Cost

Apparent from our discussion so far, there has been a growing interest in recent years in analyzing the factors influencing loyalty. As a result, there are numerous works in marketing which have attempted to explain the relationships between customer loyalty and the various variables regarded as antecedent, the most significant of which are customer satisfaction. And, to a lesser degree, switching costs (Bearden and Teel, 1983; LaBarbera and Mazursky, 1983; Kasper, 1988; Bloemer and Lemmink, 1992; Cronin and Taylor, 1992; Fornell, 1992; Oliva et al., 1992; Anderson and Sullivan, 1993; Bloemerand Kasper,

1993, 1995; Boulding et a.; 1992; Anderson and Sullivan, 1993; Bloemer and Kasper, 1993, 1995; Boulding et al., 1993; Berne, 1997; Oliver, 1999).
Another customer loyalty antecedent is known as switching costs, which is defined by Beerli, Martin and Quintana (2004) while citing Selnes (1993) as the technical, financial or psychological factor which make it difficult or expensive for a customer to change brand. According to Vilagines (1994), the switching costs can be broken down as follows:

- The customer's personal costs, referring to tradition and the client's habits, to effort in terms of the time and commitment needed to evaluate new alternatives, to the economic advantages associated with loyalty, to the social and psychological risk stemming from making a wrong choice, and to the established contracts with the supplier company; and
- Costs associated with the product, such as the costs of redesigning the process of production or consumption, investment in related equipment, and contractual costs.

When the costs of switching brand are high for the customer, there is a greater probability that the customer will remain loyal in terms of repeat purchase behaviour, because of the risk or expense involved in switching and because of the accompanying decrease in the appeal of other alternatives (Wernerfelt, 1991; Selnes, 1993 Klemperer, 1995 Ruyter et al., 1996; Anton Martin et al., 1998). However, if loyalty is defined as true loyalty, the relationship between this construct and the switching costs is not so simple. For example, it might easily be that the customer repurchases, but due to this dissatisfaction, he does not recommend the product or service to others.

Moreover, the effect of switching costs on loyalty varies with the type of industry, the category of the product and the characteristic of the customer (Fornell, 1992). In the banking industry, Sheth and Parvatiyar (1995) found some factors that may inhibit customer exit in retail banking; for instance, the length of their relationships with the bank; the fact that they knew, and were known by, the branch staff; and the perception that closing/transferring accounts was difficult. These factors, whether real or perceived, act as exit barriers.

Wernerfelt (1991), Selnes (1993) and Klemperer (1995) consider that customer loyalty increases considerably when switching costs and customer satisfaction converge, although a competitor will find it more difficult to capture a customer of a rival brand when the customer' s loyalty is based on satisfaction than when it is based on switching costs. Along these lines, Fornell (1992) establishes two disadvantages of switching cost that highlight the greater relative weight of satisfaction as an antecedent of customer loyalty. These disadvantages are, first, the greater difficulty of capturing new customers when these are conscious of the existence of switching costs, and, second, the possibility that external forces can eliminate switching barriers.

Consistent with Anton Martin et al., (1998), in the relationship existing between customer satisfaction/perceived switching costs and loyalty, the degree of elaboration which is followed in the decision-making process can have a moderating influence. Elaboration is a construct based on the information processing theory (Pertty and Cacioppo, 1997) and is determined by the motivation and the ability of a consumer to elaborate on the brand choice (Bloemer and Ruyter, 1998). Motivation can be operationalised by bank choice involvement and ability can operationalised by bank choice deliberation . Despite the fact that motivation and the ability of a consumer to elaborate on the choice can be high. If the consumer does not perceive differences among brands, the degree of elaboration in the decision-making process may be low. Therefore, to measure elaboration we have also included the dimension related to the perceived distinction between different brands.

Moreover, when the levels of satisfaction and switching costs are equal in value, consumers that take a longer time to make a decision tend to be more loyal to the brand chosen because the decision-making process is more conscious and deliberate. However, this moderating influence can vary with respect to product categories. Thus, for example, in the work carried out by Martin et al., (1998), after analyzing the moderating influence of the degree of elaboration in the relationship between satisfaction/switching costs and loyalty for three categories of products, they were only able to identify a significant moderating influence in one of the product categories analyzed. Moreover, in the paper on store loyalty by Bloemer and Ruyter (1998), they concluded that the customer who elaborates more on department store shopping might take more stores into consideration.

This might lead to less loyalty in the case of a stronger motivation and ability to evaluate a store. Nevertheless, when combined with the amount of satisfaction and as a moderator variable, elaboration strengthens the positive effect of store satisfaction on store loyalty.

### 2.7.5 Achieving Consumer Loyalty Through Communication.

Morgan and Hunt (1994), proposed that communication was an antecedent of trust, along with shared values and lack of opportunistic behaviour. By communication, ball, Coelho, and Machas (2004) refers "to written communication such as personalized letters, direct mail, web site interactions, other machine-mediated interactions, and e-mail, as well as in-person communication with service personal before, during, and after service transaction". In these communications, "good" according to Ball et.al (2004) is defined as helpful, positive, timely, useful, easy, and pleasant. The service provider, in short, provides information in such a way that the customer personally benefits with a minimum of effort necessary to decode the communication and determine its utility. Such communication is often personalized or delivered in person-to-person format.

Although the inclusion of a communication construct is new in the context of the ECSI model (see the ECSI model below), some authors have already provided evidence that can indirectly support this assumption. In particular, findings from Lemon et al. (2002) provide evidence that support the important role of personal relationship, personalization and customization in obtaining loyalty. Also Bruhn and Crund (2000) explicitly consider the construct "customer dialogue", a conceptual proxy, but not strictly equivalent to communication. Dialogue is two-way which is a useful way to conceptualize communication. Our definition of communication deals with communication from the service provider to the consumer, but not vice versa. We have included some two-way aspects to communication in complaint handling, but our construct of communication is essentially one way.

In general, good communication should affect all aspects of the relationship, but largely trust, satisfaction, and loyalty. Therefore direct impacts from communication on trust, satisfaction, and loyalty were considered. Note that communication is considered an exogenous variable in the ESCI model. This is a different approach than the one assumed by authors as Bruhn and Grund where customer dialogue is considered an endogenous variable that is explained by customer satisfaction.

### 2.7.6 Achieving Consumer Loyalty Through Trust

Trust is logically and experientially a critical variable in relationship, as has been hypothesized and borne out in the marketing literature (Moorman et al., 1993; Morgan and Hunt, 1994). Those who are not willing to trust a vendor in a competitive marketplace are unlikely to be loyal. The importance of trust in explaining loyalty is also supported by authors as Lim et al. (1997), Garbarino and Johnson (1999), Chaudhur and Holbrook (2001), Singh and Sirdeshmukh (2000), and Sirdeshmukh et al. (2000).

Trust is sometimes conceived of having two component, performance or credibility trust and benevolence trust, as Ganesan (1994) pointed out in a business-to-business context. In this context, Ganesan found strong effects for credibility trust on relationship commitment but not for benevolence trust. He argued that this was because business base their purchase and selling decisions much more on performance issues. Clearly, performance or credibility trust is important in business-to-consumer relationships as well. Other authors have also suggested the existence of an effect for credibility trust on loyalty (e.g. Chaudhuri and Holbrook, 2001; Garbarion and Johnson, 1999). Recently, Singh and Dirdeshmukh (2000) and Sirdeshmukh et al. (2000) have argued strongly for benevolence as a component of trust may contribute to explaining loyalty.

Ball, Coelho, and Machas (2004) argued that in a business-to-consumer context, the benevolence component of trust might be strong in determining loyalty. They argue this first of all, because many service markets where loyalty is important have a credence component, i.e. the consumer cannot always tell if the service provided is up to a high standard. That leaves the consumer to trust to the benevolence and integrity of the service provider. Second, benevolence trust may be critical because (particularly in the case of strong retail relationship such as banking or mobile telephones), the consumer may perceive the firm as being in a more powerful position due to the difficulty of switching. The consumer is sometimes vulnerable, and therefore trust in the benevolence of the firm is an issue. Finally, in the ECSI model as developed to date, another construct, company image, already includes some components of performance/credibility trust. Their concept of trust therefore includes primarily benevolence and global trust . In the ECSI-revised model it is assumed that an increase in customer trust will have a positive direct effect on loyalty.

However, it must be admitted that, while in a market with suitable alternatives lack of  benevolence and global trust may not necessarily lead to positive loyalty. In some markets where all or nearly all vendors are trustworthy, one could trust many vendors equally, one could expect trust as a normal part of doing business, and therefore be loyal or not without reference to trust. So, the trust-loyalty relationship, while positive, may be weak in some markets.

**Company image, trust, and loyalty**

Anderson and Weitz (1989), again in a business-to-business context, found effects of company reputation on trust. Our construct of company image includes (stability and firmly established, social contribution for society, concern with customers, reliability of what the firm says and does, innovative and forward looking). We argue for a possible relationship between image not only between image and trust (that would then function as a mediator between image and loyalty), on the obvious grounds that trust is to some extent built on reputation, but also for possible direct effects of image on loyalty. That is, consumers may be loyal to a firm or brand because it is viewed as having a positive image among other consumers; particularly in credence goods and this alone may provoke some amount of unwillingness to switch.

## 2.8 Explaining Customer Loyalty Using The European Customer Satisfaction Index (Ecsi) Model

The purpose of the European Satisfaction Index (ECSI) model, which was developed by Ball, Coelho and Machas (2004), is to provide an explanation of loyalty using the constructs of trust and communication. According to them this model provide a theoretical basis for then show how these constructs are related within the ECSI model context.

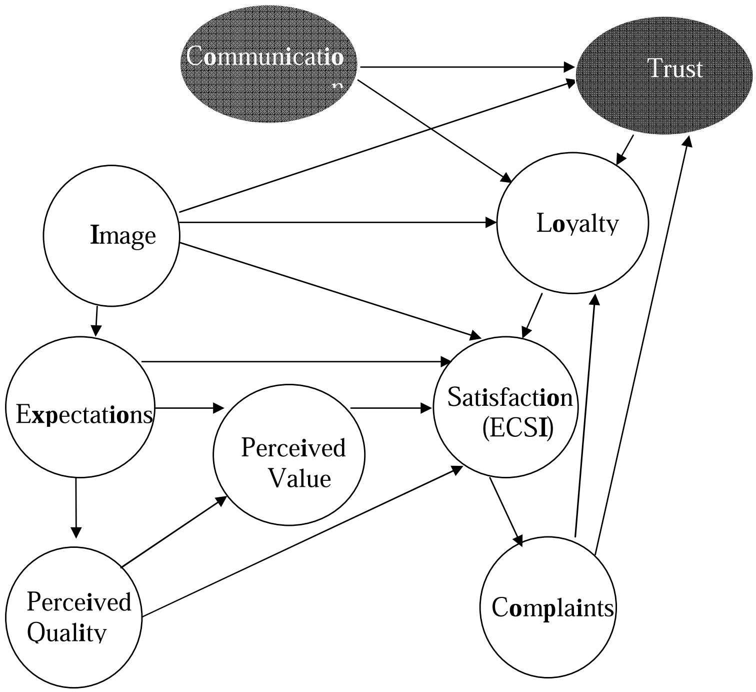
With the rise of interest in customer relationships, beginning first in business-to business relationships (e.g. Dwyer et al., 1987; Morgan and Hunt, 1994), and extending into business-to-consumer relationships (e.g. Sheth and Pravatiyar, 1995, Sirdeshmukh et al., 2002), it has become increasingly clear that marketing theory and practice must incorporate its antecedents.

The ECSI model is a well-established tool (Gronholdt et al., 2000; Cassel and Eklof, 2001; Vilares and Coelho, 2004) for assessing customer satisfaction and its antecedents and related constructs, and at present includes the constructs of customer satisfaction, perceived value, perceived quality expectation, image, loyalty, and complaints. The ECSI model has been validated across a number of European countries and many industries such as retail banking, cable TV, fixed phones, mobile phones, supermarkets, insurance, meat cuts, postal service, carbonated soft drinks, food products, public transportation, and public service.

However, the ECSI model explains loyalty only with satisfaction and brand or firm image (and in some countries with complaints), even though some of the industries explained by the ECSI model are very much repeat-transaction business (telecommunications, banking, and so forth) in which customer loyalty is highly prized and valuable. Enough has been written about the bottom-line value of customer loyalty, particularly of high-value customers (e.g. Reichheld and Teal, 1996; De Wulf et al, 2001; Zeithanml,. 2000;  Zeithanml et al, 2001), that a rigorous extension of the ECSI model is desirable.

**Extending the ECSI model**

In this section, an extension of the ECSI model is proposed, resulting from the inclusion of two new constructs (latent variable), aiming a better explanation of customer loyalty. The extended model is shown in Figure I. Circles represent construct, which are associated with number of manifest variable not shown in the figure. The lines represent casual relationships. The model now includes nine interrelated latent variable with two exogenous variables: image and communication. Bold circles and lines represent construct and relationships specific to the extended model. The revised model below presented.




**Source:** Ball, Coelho, and Machas (2004). ***The Role of Communication and Trust in Explaining Customer Loyalty: An Extension To The ECSI model.*** European Journal of Marketing. Vol 38 No. 9/10 p1281

## 2.9 Towards Developing The Nigerian Consumer Satisfaction Index (NCSI).

The ECSI model was developed in Europe and was validated across a number of European countries and many industries such as retail banking, cable TV, fixed phones, mobile phones, supermarkets, insurance, meat cuts, postal services, carbonated soft drinks, food products, public transportation, and public service (see Ball, Coelho, and Machas , 2004). Unfortunately, this model has not been tested or validates in the African context. Thus, it is not known if the ECSI is relevant or if it can be adapted for any meaningful explanation of consumer loyalty in the African or Nigerian context.

Using five of some the constructs in ECSI as explanatory antecedents to students customer loyalty in Nigeria, the author will strive to develop a Nigerian consumer satisfaction index after testing the relationship between the variables/ constructs and bank loyalty in chapter four.

# CHAPTER THREE

## 3.0 RESEARCH METHODOLOGY

### 3.1 Introduction

It is pertinent for the researcher to indicate the steps to be taken in carrying out the investigation or thesis. In this chapter, various ways adopted by the researcher to conduct the research are outlined one by one. The primary objective of this chapter is to describe the methods used in the collection and analysis of data in the course of conducting the investigation.

Accordingly, this chapter is therefore organized in sections as follows:
research design and sources of data; population of study; sampling design, procedures, and determination of the sample size; questionnaire design, distribution and collection of responses; and procedures for data analysis (onwe, 1998).

### 3.2Research Design

The research design relates to the general approach adopted to execute the study. Baridam (1990: 39) definea research design as ".. a framework or plan used as a guide in the collection and analysis of data for a study''. According to Agbonifoh and Yomere (1998: 107) citing Nachmias and Nachmias (1981:75) research design refers to the "logical model of proof that allows the researcher to draw inferences concerning relationship among the variables under investigation". A research design provide answer to the following questions: who shall we observe? What variables shall we observe? When will the observations be made and how will the data be collected? (Agbonifoh and Yomere, 1998: 107). In addition, research design may be exploratory, descriptive, or causal (Hair, Bush and Ortinau 2000; Onwe, 1998; Agbonifoh and Yomere, 1998; Baridam, 1990).

The researcher will adapt the descriptive research design to the current investigation. Sax (1979: 76) in Agbonifoh and Yomere (1999) described descriptive research as '' a type of research involving the collection of data for the purpose of describing existing conditions''. ICAN (2006:7) explained that

‘’the main purpose of descriptive research is to describe the situation. It gathers consistently the data of occurrence of events, which are used to give explanation of the relationship, test hypothesis, make prediction or get meaning and implication of the situation.’’ ICAN further sustained that descriptive research explain a given phenomena by tracing what is already in existence and its effect on the variable to be studied.

Since the researcher wishes to collect data for the purpose of identifying and describing those factors that determines bank loyalty among students of higher educational institutions in Nigeria, thus this study is descriptive. Accordingly, questions are developed to secure specific kinds of data (via structured questionnaire) that are capable of explaining the phenomenon (that is, bank customer loyalty, with particular reference to students in tertiary institutions) under study to a significant level of accuracy. Accordingly, the questionnaire, expectedly, will be administered on a statistically selected sample of students in four higher educational institutions in Anambra and Enugu states of Nigeria.

On the aggregate, there are nine (9) approved tertiary institutions in both Anambra and Enugu state. Of all these institutions, the researcher purposively selected Nnamdi Azikiwe University (UNIZIK), University of Nigeria (UNEC), Federal Polytechnic Oko, and Institute of Management Technology (IMT) because they are institutions with large student population size and high bank presence. As such, the presence of these banks has the potential of creating high banking culture among the students.

**3.3 Sources OF Data**

With respect to sources of data to this study, the researcher will use both primary and secondary data. The primary data, being “data structures of variable that have been specifically collected and assembled for the current research problem or opportunity situation; they represent firsthand structures” (Hair et. Al 2005: 661). The primary data for this study are generated from primary sources, which include mainly responses on the questionnaire as well as responses from personal (oral face-to- face) interview of the respondents.

The secondary data being, "historical data structure of variable that have been previously collected and assembled for some research problem or opportunity situation other than the current situation " (Hair et al, 2005: 663). Secondary data are secured from secondary sources, which include books, academic journals, and the internet.

### 3.4 Population Of Study

It is of utmost importance in any study to determine the group or persons or things to be studied. The materials or objects or persons for the study are the "unit of analysis" (Okeke, 2005; Uzoeshi, 1998). Population in research, according to Uzoeshi (1998) refers to the aggregate of all members of elements of a well-defined group. Okeke (2005:73) defines population as "the aggregate of individual persons or objects for investigation, or the sum total of the units of analysis." Generally, two main characteristics of the population of study is that it can either be finite or infinite (Okeke, 2005: 73; Hair et. al, 2000: 35; Agbonifonh and Yomere, 1998:35).

In the current study, the population or "unit of analysis" is the aggregate of all the students in the four purposively selected higher educational institutions that this study is focusing on. The population of this study is finite (that is its is known with exactitude) because the researcher was able to obtain the estimate of the total number of registered students of each of the four institutions from the Registrars of the institutions. The population of registered students of the institutions is as shown in table below:

**Table 3.2**

Number of Students for Respective Institution

| **Institution** | **No. Of Registered Students** | **Proportion** |
|---|---|---|
| UNIZIK | 37,182 | 30% |
| UNEC | 42,200 | 34% |
| FED.POLY.OKO | 18,000 | 16% |
| IMT | 25,000 | 20% |
| **TOTAL** | **122,382** | **100%** |

### 3.5 Sampling Procedures And Sample Size Determination

#### 3.5.1 Sample Size Determination

Since the population of this study is finite, an appropriate sample size determination formula for a finite population characteristic will be used.
Okeke (2005) and Hair, Bush, and Ortinua (2000) observe that if the researcher can easily ascertain the accurate number of the population, he /she should then consider using the Yaro Yamani sample size determination fomula that estimates the representativeness of the sample.
Accordingly, the following formula for sample size determination for a finite population is used in this study (see Okeke, 2005: 85; Hair, Bush, and Ortinua, 2000: 340). The formula is stated thus:

$$\frac{N}{1+N(e^2)}$$

Where:

n = sample size

N=population figure

e =Error margin

The researcher will now apply the above formula to estimate the study's sample size as follows:

n= sample size (to be determined)

N= 122,382 students

e =5%= 0.05

$$n = \frac{122,382}{1+122,382(0.05^2)} = \frac{122,382}{1+122,382\ (0.0025)}$$

$$\frac{122,382}{1+305.955} = \frac{122,382}{306.955}$$

n =422.99

n =423

### 3.5.2 Sample Selection Technique

The next question is: how will the researcher select 423 students from a finite population of 122,382 students? This question leads us to sample selection method appropriate for this study.

Initially, the researcher adopted the judgment sampling technique (being a non-probability sampling approach) in selecting the higher educational institutions for this study. Accordingly the following institutions emerged, being two polytechnics and two universities drawn from Anambra and Enugu states:

| S/n | ANAMBRA STATE | |
|---|---|---|
| 1 | Nnamdi Azikiwe University, Awka | University |
| 2 | Federal Polytechnic Oko | Polytechnic |
| | ENUGU STATE | |
| 3 | University of Nigeria, Enugu Campus | University |
| 4 | Institution of Management Technology | polytechnic |

The principle of randomization is employed in selecting a sample of 423 students from an infinite population size. The simple random sampling is favoured in that the researcher wishes to give every unit in the population equal chance of being selected (without replacement) in the sample. Specifically, the researcher adopted the stratified random sampling with students in the polytechnic as a stratum and students in the universities as another stratum. The stratified random sampling is employed because the subjects from each stratum are to be represented in the same proportion in the sample. Therefore, a sample of 100 students will be drawn from each educational institution. However, 123 students were draw from UNIZIK because it has the highest number of student population.

### 3.6 Questionnaire Design, Distribution And Collection Of Responses

Having determined the sample size and the method for the selection of the sample size from the population, the next logical action is to design an appropriate data collection instrument (i.e. the Questionnaire) that will be distributed to the sample respondents.

A questionnaire is simply a document containing a set of questions for soliciting information from respondents on the subject of a research investigation (Agbonifoh and Yomere, 1998). In this study, the researcher shall design a structured questionnaire of Five-Point Likert Summating Rating Scales format. The questionnaire contains 49 likely variables that determine customer loyalty. The variables are draw from literatures and from the pilot survey responses of a group of 30 students in UNIZK, who were asked to state the factors that makes them love their bank. A diligent effort was made to avoid including in the questionnaire those questions that have the potential of confusing the respondents, such as: double barrel question; vague questions; irrelevant questions; and biased questions.

The copies of the questionnaire will be distributed to the respondents in their campuses with the help of the research assistants.

### 3.7 Procedures For Data Analysis

The statistical technique or tools employed for analyzing or processing the data collected include frequency tables and simple percentages. In addition, the researcher will employ the Principal Factor Analysis (PCA), which is a tool under the Factor Analysis (a multi-variate instrument). The PCA is utilized to determine the important factors explaining student's loyalty to their banks. Accordingly, the PCA will be used to reduce the 49 variable into few most important factor components that best explain customer loyalty among students. The few factor components will be considered the most important determinants of students' loyalty to their banks .

Why use the PCA? The PCA is an indicator reduction procedure to analyze observed variable that would result in a relatively small number of interpretable components (group variables), which account for most of the variances in a set of observed variables. The researcher is employing the PCA because there are numerous or large number of variables that influences student's loyalty to their banks and these variables are also interpedent. Based on the interdependency nature and since the researcher wishes to determine the underlying factors that best explain students loyalty to their banks, there was no need to make distinction between dependent and independent variables; rather, all variables under investigation are analyzed together to identify the most important factors. Thus, under the foregoing circumstances the researcher favoured the use of the PCA.

In addition, the first and second hypotheses will be tested using t- test, while the third and fourth hypotheses will be tested using ANOVA. In addition, the researcher will use Coefficent of Determination to proffer answers to some of the research questions. It is important to note that all statistical tools used for the analysis (i.e. the PCA, t- test, and ANOVA) were calculated using the SPSS computer package.

The t- test is adopted because in the first and second hypotheses the tests involve the difference between two population means with normal distribution; while ANOVA is used because for the third and fourth hypotheses the researcher is confronted with the problem of testing whether or not more than two population means are equal. The Z or t statistics cannot handle tests involving more than two population means.

# CHAPTER FOUR

## 4.0 DATA PRESENTATION AND ANALYSIS

### 4.1 Introduction

In this chapter the researcher will present data collected for this study using frequency table and simple percentages, where necessary. All data presented and analyzed in this chapter are primary data collected using the questionnaire instrument. The PCA was utilized to reduce the 49 variables in the questionnaire into relatively small number of interpretable components that explain the phenomenon under investigation. In addition, the researcher will use t-test to test the first and second hypotheses, while the ANOVA will be used to the test the third and fourth hypotheses.

To facilitate understanding, this chapter is divided into three sections, which included: sections A,B,C and D. In section A, the researcher will explain the questionnaires distributions, Section B will deal with the use of the PCA to reveal those important variables that best explain students loyalty to their banks. In section C the researcher will test the four hypotheses formulated in chapter one using t- test for the first and the second; however, the ANOVA will be used to test the third and fourth hypotheses. Finally, in section D the researcher will proffer answers to the research questions by using Coefficient of Determination (r) and the factor loadings of the relevant variables will be used as the correlation coefficient for each relevant item (see Schumacher and McMillan, 2003).

### 4.2 Section A: Questionnaire Distribution And Collection

Since the sample size of this study is 423, the researcher produced 423 copies of the questionnaire. Two research assistants distributed 100 copies of the questionnaire to students in UNEC, IMT, OKOPOLY, and 123 copies to UNIZIK students.

Out of a total of 423 copies of the questionnaire that were distributed, 410 were returned, and 10 were found invalid thus leaving a total of 400 valid copies of the questionnaire. Thus representing a response rate of 97% (i.e. 410/423). The obvious high response rate was achieved through the use of drop and pick method.

## 4.3 Section B: Variable Reduction Using PCA

Each variable or factor in the questionnaire (see **A**ppendix **A**) is labeled an ITEM for the purpose of the PC**A**. Since 49 variables are involved, hence there are ITEMS 1 to 49. Each item has a variable name as shown in **A**ppendix **A**. For instance, ITEMS 1 is Safety of Fund and so on. Thus, in the subsequent discussion we present the result of the quantitative data analysis using the PC**A**.

With the large number (49 variables) of observed indicators related to students' loyalty to bank, a principal component analysis (PC**A**) retained 47 variables out of 49 possible loyalty determining variables. The retained 41 variables were grouped into 12 components by the PC**A**. That is 12 components were extracted by the PC**A** from the 49 components. See the Rotated Component Matrix below (or see page 22 of **A**ppendix B):

**TABLE 4.1**
**ROTATED COMPONENT MATRIX**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ITEM26 | 0.672 | | | | | | | | | | | |
| ITEM21 | 0.663 | | | | | | | | | | | |
| ITEM20 | 0.649 | | | | | | | | | | | |
| ITEM27 | 0.567 | | | | | | | | | | | |
| ITEM37 | 0.547 | | | | | | | | | | | |
| ITEM17 | 0.505 | | 0.475 | | | | | | | | | |
| ITEM18 | 0.496 | | | | | | | | | | | |
| ITEM36 | 0.464 | | | | | | | | | | | |
| ITEM14 | | | | | | | | | | | | |
| ITEM3 | | | | | | | | | | | | |
| ITEM2 | | | | | 0.416 | 0.414 | | | | | | |
| ITEM4 | | 0.772 | | | | | | | | | | |
| ITEM16 | | 0.718 | 0.761 | | | | | | | | | |
| ITEM15 | | 0.557 | 0.712 | | | | | | | | | |
| ITEM5 | | | 0.476 | | | | | | | | | |
| ITEM40 | | | | | | | | | | | | |
| ITEM39 | | | | | | | | | | | | |
| ITEM41 | | | | | | | | | | | | |
| ITEM11 | | | | | | | | | | | | |
| ITEM43 | | | | | | | | | | | | |
| ITEM23 | | | | | | | | | | | | |
| ITEM31 | | | | 0.713 | | | | | | | | |
| ITEM1 | | | | 0.675 | | | | | | | | |
| ITEM24 | | | | 0.615 | | | | | | | | |
| ITEM35 | | | | O.546 | 0.647 | | | | | | | |
| ITEM34 | | | | 0.427 | 0.577 | | | | | | | |
| ITEM33 | | | | | 0.497 | | | | | | | |
| ITEM45 | | | | | 0.473 | 0.785 | | | | | | |
| ITEM22 | | | | | | 0.693 | 0.646 | | | | | |
| ITEM46 | | 0.432 | | | | 0.686 | 0.630 | | | | | |
| ITEM12 | | | | | | | 0.500 | | | | | |
| ITEM8 | | | | | | | 0.480 | 0.686 | | | | |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ITEM13 | | | | | | | | 0.627 | | | | |
| ITEM7 | | | | | | | | 0.500 | | | | |
| ITEM48 | | | | | | | | 0.407 | | | | |
| ITEM47 | | | | | | | | | 0.724 | | | |
| ITEM32 | | | 0.422 | | | | | | 0.583 | | | |
| ITEM49 | | | | | | | | | 0.471 | | | |
| ITEM9 | | | | | | | | | 0.406 | | | |
| ITEM19 | | | | | | | | | | -0.762 | | |
| ITEM6 | | | | | | | | | | 0.575 | | |
| ITEM28 | | | | | | | | | | 0.444 | | |
| ITEM25 | 0.449 | | | | | | | | | | 0.526 | |
| ITEM30 | | | | | | | | | | | 0.507 | |
| ITEM29 | | | | | | | | | | | 0.505 | |
| ITEM42 | | | | | | | | | | | 0.457 | |
| ITEM38 | | | | | | | | | | | | 0.663 |
| ITEM10 | | | | | | | | | | | | 0.486 |

Extraction method: Principal Component Analysis
Rotation method: Varimax with Kaiser Normalization
*Rotation coverage in 25 iterations

Table 4.1 shows the Rotated Component Matrix generated from the PCA using SPSS computer package. The key to determining what the factors measures is the factor loading, that is, which of the variable load/correlate highest on one component or low on the other components. The PCA naturally grouped the variables into 12 components, using a factor loading benchmark of 0.400. Thus, any factor loading that is less than 0.400 were neglected, which means that such a variable is insignificant in explaining loyalty among student customers of banks. Hence variables that were neglected are ITEM9, ITEM10, and ITEM14

However, a variable item is grouped in a component where it has the highest factor loading, which means such a variable item do not only belong to such component, but it also strongly correlates or explains such a component. Take for instance, ITEM1 has its highest factor loading that satisfies the 0.400 benchmark in component 5. Thus ITEM1 best explain and belongs to component 5.

**TABLE 4.2**
KMO and Bartlett's Test

| Test | | Value |
|---|---|---|
| Kaiser- Meyer- Olkin Measure of Sampling Adequacy | | 0.770 |
| Bartlett's Test of Sphericity | Approximate Chi- Square | 6961. 643 |
| | df | 1176 |
| | Sig. | 0.000 |

Extraction Method: Principal Component Analysis

The Kaiser- Meyer- Olkin Measure (KMO) of sampling adequacy is a measure of sampling adequacy for comparing the magnitudes of observed correlation coefficients with the magnitudes of partial correlation coefficients. The value of the KMO is 0.770 and shows the appropriateness of the model which is within an acceptable range for a well- specified model and which is good to warrant interpretation of results (see Table 4.2)

The Eigen values are calculated for each component (see page 20 of Appendix B for the initial Eigenvalues). The Eigenvalues and Scree test were used to determine the number of extracted components from the observed data. The size of an Eigen value indicates the amount of variance in the principal component explained by each component. The table below shows the extraction of 12 components from 46 variables (recall that 3 variables were neglected):

**Table 4.3**

Extracted Factor Component And Their Names

| Component (Extracted) | Factor Loadings | Variables (items on questionnaire) | Naming the Component* |
|---|---|---|---|
| 1. | 0.672<br>0.663<br>0.649<br>0.567<br>0.547<br>0.505<br>0.496<br>0.464 | ITEMS26: My bank listens to me<br>ITEMS21: Good understanding of customer<br>ITEMS20: Skillful Bank workers<br>ITEMS27: Swift Response to customer complain<br>ITEMS37: My bank has my best interest at heart<br>ITEMS17: Satisfactory personal services<br>ITEMS 18: Perceived honesty of bank staff<br>ITEMS36: My bank gives me personal attention. | **Good customer bank relationship and satisfactory services.** |
| 2. | 0.772<br>0.718<br>0.557 | ITEM3: Speed of transaction<br>ITEM2: Efficient services<br>ITEM4: Friendly Staff | **Efficient Staff** |
| 3. | 0.761<br>0.712<br>0.476 | ITEM16: Social relationship with bank staff<br>ITEM15: Family relationship with bank staff<br>ITEM5: Bank recommended by parent and family | **Family and social relationship with bank** |
| 4. | 0.713<br>0.675<br>0.615<br>0.546<br>0.427 | ITEM40: Branches are close to customers<br>ITEM39: Use of ATM even in other banks ATM<br>ITEM41: Very strong capital base<br>ITEM11: Convenient location | **Accessibility of bank services to customers** |

| | | | |
|---|---|---|---|
| | | ITEM43: Sound and experienced management | |
| 5. | 0.647<br>0.577<br><br>0.497<br>0.473 | ITEM23: Physical safety to customers<br>ITEM1: Solid security and safety arrangement for customers<br>ITEM1: Safety of funds<br>ITEM24: Confidentiality of transactions | **Physical and psychological safety of customers** |
| 6. | 0.785<br><br>0.693<br><br>0.686 | ITEM35: To change to another bank involves a risk in choosing another bank which might turn out not to satisfy me<br>ITEM34: To change to another bank involves investing time.<br>ITEM33: Opening a new account with another bank involves a difficult process. | **Perceived high cost of switching to another bank.** |
| 7. | 0.646<br><br>0.630<br>0.500<br>0.480 | ITEM45: Easy, fast and efficient money transfers system.<br>ITEM44: No queuing during transactions<br>ITEM22:Zero or low bank charges<br>ITEM46: low incidence of fraud | **Relative time and cost savings** |
| 8. | 0.686<br>0.627<br>0.500<br>0.407 | ITEM12: Perceived bank size<br>ITEM8: Credit availability<br>ITEM13:Ethnic consideration in bank ownership<br>ITEM7: Bank reputation | **Strong capital base of bank** |
| 9. | 0.724<br>0.583<br>0.471<br>0.406 | ITEM48: Mobile banking services<br>ITEM47: Good looking and attractive staff<br>ITEM32: Length of relationship with bank<br>ITEM49: No hidden bank charges | **Caring Staff** |
| 10. | 0.575<br>0.444 | ITEM19:My bank is socially responsible<br>ITEM6: Bank recommended by friends | **Good corporate social responsible schemes** |
| 11. | 0.526<br>0.507<br>0.505<br>0.457 | ITEM28:Weekend banking<br>ITEM25: Efficient ATM<br>ITEM30: Extended banking closing hour<br>ITEM29:Intrucduction of ATM | **Constant availability of banking services.** |
| 12. | 0.663 | ITEM42: Online banking | **Use of ICT in** |

| | | | |
|---|---|---|---|
| | 0.486 | ITEM38:Update of customers account via SMS | **banking.** |

Extraction method: Principal Component Analysis

*Naming the component:- to be able to name each component, we have to know those variables which load highly or at least high again each component as well as what each variable have in common.

The orthogonal rotated solution was chosen to obtain uncorrelated components using rotation method. The rotated component matrix of PCA led to the selection of 12 components explaining bank loyalty as shown in Table 4.3.

Based on the result on Table 4.3, a large number of observed indicators related to loyalty, a principal component analysis (PCA) retained 46 out of 49 possible loyalty determining variables among student customer of banks. 8 of the 46 variables relate to the first principal component, which is *good customer-bank relationship and satisfactory services* factors: (1) My bank listens to me (2) Good understanding of customer (3) Skillful Bank Workers (4) Swift response to customer complain (5) My bank has my best interest at heart (6) Satisfactory personal services (7) Perceived honesty of bank staff (8) My bank gives me personal attention. The first principal, component makes up the largest proportion of the total variability in the set of indicators used. Hence, the first principal component is considered the most important or significant component factor that determines or explains student's loyalty to their bank.

There are three variables that relate to *efficient staff* that were significant in explaining loyalty among student customers of banks. The three variables are: (9) speed of transition (10) Efficient services (11) Friendly Staff. Thus efficient staff is the second most important principal component that determines students' loyalty to their bank. It accounts for the next largest amount of variability not accounted by the first principal component. This is so explained for the other principal components (see Table 4.3). Therefore, the researcher generated twelve principal components that determine student loyalty to their bank.

## 4.4 Section C: Test Of Hypotheses

Having determined the principal components that determine student loyalty to their bank, it is imperative to test the hypotheses of this study. The testing of the hypotheses is a function of the determination of the twelve principal components. Four key hypotheses will be tested using t-test, while the third and fourth will be tested using ANOVA.

### 4.4.1 Test Of Hypotheses Using T-Test

#### 4.4.1.1 Test of Hypotheses one

The essence of the first hypothesis is to find out if each of the determinants of loyalty (or principal component) differs by gender. That is whether a particular gender consider a particular principal component more important

**Hypothesis One**

**HO**: The mean component scores on factors responsible for students' loyalty to their bank will not differ significantly by gender.

**Hi:** The mean component scores on factors responsible for students' loyalty to their bank differ significantly by gender.

Decision Rule:

The decision rule is to reject the Ho and accept the Hi if calculated t-test value is greater than the critical or table t-test value, otherwise, accept the Ho and reject the Hi.

Determination of the t-test critical value:

At 5% level of significance and 398 (ie n-2) degree of freedom, the t-distribution critical is 1.960.

Determination of the t-test calculated value:

The result of the t-test calculated value (see page 2 of Appendix C) is shown in Table 4.4.

**Table 4.4**
Result of T-test Calculated Value for Hypothesis One

| | **t** |
|---|---|
| Regression factor score for component 1 | -0. 824 |
| Regression factor score for component 2 | 0.196 |
| Regression factor score for component 3 | 0.076 |
| Regression factor score for component 4 | -0.012 |
| Regression factor score for component 5 | -1.054 |
| Regression factor score for component 6 | -1.965 |

| | |
|---|---|
| Regression factor score for component 7 | 0.224 |
| Regression factor score for component 8 | -1.126 |
| Regression factor score for component 9 | -2.232 |
| Regression factor score for component 10 | -4.934 |
| Regression factor score for component 11 | 2.001 |
| Regression factor score for component 12 | -4.472 |

As shown in Table 4.4, the t-test critical value of 1.960 is greater than each of calculated t-test values for each component in Table 4.4, except for component 11 where the calculated value of 2.001 is greater than the critical value of 1.960. Therefore, for the first component, since the critical value of 1.960 is greater than the calculated value of –0.824, we reject the alternate hypothesis and accept the null hypothesis and conclude that the first principal component- *good customer bank relationship and satisfactory service* - do not differ significantly by gender. The import of this is that *good customer bank relationship and satisfactory service* as a determinant of customer loyalty is of equal importance to both male and female respondents.

In the case of the second principal component, since the critical value of 1.960 is greater than the calculated value of 0.196, we reject the alternate hypothesis and accept the null hypothesis and conclude that the second principal component- *efficient staff*-do not differ significantly by gender. The import of this is that *efficient staff* as a determinant of customer loyalty is equal importance to both male and female respondents.

In the case of the third principal component, since the critical value of 1.960 is greater than the calculated value of 0.076, we reject the alternate hypothesis and accept the null hypothesis and conclude that the second principal component- *family and social Relationship with bank* - do not differ significantly by gender. The import of this is that *family and social relationship with bank* as a determinant of customer loyalty is of equal importance to both male and female respondents.

Similarly, the null hypothesis is accepted for principal components 4,5,6,7,8,9,10,and 12. Of these components we conclude that they do not differ significantly by gender. However, principal component 11 shows otherwise. Hence in the case of the eleventh principal component, since the critical value of

1.960 is less than the calculated value of 2.001, we reject the null hypothesis and accept the alternate hypothesis and conclude that the eleventh principal component- *constant availability of banking service* - do differ significantly by gender. The import of this is that the value or importance placed on the eleventh principal component differs significantly between male and female gender. Where is the source of this difference? Is the difference from the male or female gender? The mean difference is accounted for by the male gender (see Page 1 of Appendix C). The implication of this is that the male respondents place greater value on *constant availability of banking services* than the female respondents.

#### 4.4.1.2. Test of Hypothesis Two

The essence of the second hypothesis is to find out if each of the determinants of loyalty (or principal component) differs by age of respondents. That is, whether a particular age group consider a particular component more important.

**Hypothesis Two**

**HO**: The mean component score on factors responsible for students' loyalty to their bank will not differ significantly by age.

**Hi:** The mean component scores on factors responsible for students' loyalty to their bank differ significantly by age.

Decision Rule:

The decision rule is to reject the Ho and accept the Hi if calculated t-test value is greater than the critical or table t-test value, otherwise, accept the Ho and reject the Hi.

Determination of the t-test critical value:

At 5% level of significance and 398 (ie n-2) degree of freedom, the t-distribution critical is 1.960.

Determination of the t-test calculated value:

The result of the t-test calculated value (see page 4 of Appendix C) is shown in Table 4.5.

**Table 4.5**
Result of T-test Calculated Value for Hypothesis Two

| | t |
|---|---|
| Regression factor score for component 1 | -0. 442 |
| Regression factor score for component 2 | -0.498 |
| Regression factor score for component 3 | -2.620 |
| Regression factor score for component 4 | 0.115 |
| Regression factor score for component 5 | 1.319 |
| Regression factor score for component 6 | 0.422 |
| Regression factor score for component 7 | 2.207 |
| Regression factor score for component 8 | -1.668 |
| Regression factor score for component 9 | -2.370 |
| Regression factor score for component 10 | -2.142 |
| Regression factor score for component 11 | -1.152 |
| Regression factor score for component 12 | 1.411 |

As shown in Table 4.5, the t-test critical value of 1.960 is greater than each of calculated t-test values for each component in Table 4.5, except for the seventh component, where the calculated value of 2.207 is greater than the critical value of 1.960. This means that the null hypothesis is accepted for principal components 1,2,3,4,5,6,8,9,10 and 12. Of these components, we conclude that they do not differ significantly by gender.

However, is the case of the seventh component, since the critical value of 1.960 is less than the calculated value of 2.207, we reject the null hypothesis and accept the alternate hypothesis and conclude that the seventh principal component – *Relative time and cost savings* – do differ significantly by age of respondents. The import of this is that the value or importance placed on the seventh principal component differs significantly between respondent who are within the age bracket of 16-25 years and those within the age bracket of 26-35 years. Between these two age groups, where is the source of difference? The mean difference is accounted for by the respondents in the age bracket of 16-25 years (see page 3 of Appendix C). The implication of this is that respondents who are within the age bracket of 16-25 years place greater value on *relative time and cost savings* than those in the age bracket of 26-35years.

### 4.4.2. Test Of Hypothesis Using ANOVA

Analysis of variance (ANOVA) is defined as the technique of partitioning the total variation of our data into useful components, which provide means of measuring different sources of variation (Dibua and Dibua, 2005). It is used when we are confronted with the problem of testing whether or not more than two population means are equal.

The Z or t statistic cannot handle tests involved more than two population means. The procedure for testing for the equality of three or more means is provided by a statistical technique called analysis of variance (ANOVA). In our case, we are testing, on one hand, the means relating to four groups, that is, four banks. On the other hand, we are testing the means relating to four higher educational institutions.
The researcher will adopt a *one-way* classification or *one-factor* analysis of variance in this study. This is so because emphasis is based on finding the sources of variation due to the treatment by the observation of only one factor at a time and with more than two groups.

#### 4.4.2.1Test of Hypothesis Three

The essence of the third hypothesis is to find out if each of the determinants of loyalty (or principal component) differs by respondent‘s choice of bank. That is, whether a particular group of respondents who are customers to a particular bank consider a particular principal component more important than another group of respondent with another bank.

**Hypothesis Three**

**HO:** The mean component score on factors responsible for student’s loyalty to their bank will not differ significantly by bank choice.

**Hi:** The mean component score on factors responsible for student’s loyalty to their bank differ significantly by bank choice.

Decisions Rule:

The decision rule is to reject the Ho and accept the Hi if the calculated F-test value is greater than the critical or table F-test value; otherwise, accept the Ho and reject the HI.

Determination of the F-test critical value:

At 5% level of significance with 3 degrees of freedom for the numerator and 396 degrees of freedom for denominator, the F- distribution critical value is 2.60(see Appendix G for F-distribution table).

Determination of the F- test calculated value:

The result of the F-test calculated value (see page 3 Appendix D) is shown in Table 4.6

**Table 4.6**

Result of T-test Calculated Value for Hypothesis Three

| | **F** |
|---|---|
| Regression factor score for component 1 | 3.762 |
| Regression factor score for component 2 | 1.674 |
| Regression factor score for component 3 | 0.018 |
| Regression factor score for component 4 | 5.664 |
| Regression factor score for component 5 | 2.696 |
| Regression factor score for component 6 | 1.259 |
| Regression factor score for component 7 | 6.072 |
| Regression factor score for component 8 | 2.603 |
| Regression factor score for component 9 | 0.919 |
| Regression factor score for component 10 | 1.150 |
| Regression factor score for component 11 | 2.550 |
| Regression factor score for component 12 | 2.816 |

As shown in Table 4.6, the F-test critical value of 3.762 for the first principal component is greater than the calculated f-test value of 2.60. Hence, the researcher rejects the null hypothesis but accepts the alternate hypothesis and conclude that the first principal component - *good customer-bank relationship and satisfactory service* - differ significantly by bank choice. The import of this is that *good customer-bank relationship and satisfactory service* as a determinant of customer loyalty is not of equal importance to respondents who bank with a particular bank. In other words, a group of respondent that have account with a particular bank places greater value to *good customer-bank relationship and satisfactory service* than another group of respondents with another bank. The next question is: from which group of bank customers is this difference coming from? This leads us to the Scheffe Post-hoc Test (see page 5 of Appendix D). Since the mean difference is greater between the respondents with Spring Bank and UBA, it means that respondents who bank with Spring Bank value *good customer-bank relationship and satisfactory service* more than any other group of respondents. The implication of this is that for Spring Bank to have a higher customer loyalty index among students, it should emphasis this principal component more.

In the case of the second principal component, the f-test critical value of 1.674 for the first principal component is less than the calculated f-test value of 2.60. Hence, the researcher rejects the alternate hypothesis but accepts the null hypothesis and concludes that the second principal component *–efficient staff-* do not differ significantly by bank choice. The import of this is that efficient staff as a determinant of customer loyalty is of equal importance to all the respondents. This position holds same for the third, sixth, eight, ninth, tenth, and eleventh principal components.

The fourth principal component - *Accessibility of bank service to customers* - shown that the calculated f-value (5.664) is greater than the critical F-value (2.60). Hence, the researcher reject the null hypothesis but accepts the alternate hypothesis and concludes that the fourth principal component - *Accessibility of bank services to customers* - differ significantly by bank choice. The Scheffe Test shows that this difference is from the respondents that bank with Spring Bank, UBA, and Intercontinental Bank because there mean difference are all significant at 0.003. The implication of this is that the three banks should emphasis this principal component for them to have greater student customer loyalty index.

Similarly, the researcher also accepts the alternate hypothesis in the case of the fifth, seventh and twelfth principal components. In the case of the fifth principal component, the Scheffer post- hoc test reveals that Spring Bank accounts for the mean difference. The import of this is that respondents that bank with Spring Bank places greater importance to *physical and psychological safety of customers* than respondents that have account with other banks studied. But the Scheffe post-hoc test for the seventh principal component *Relative time and cost saving* shows that the significant difference is from the respondents that bank with UBA and Intercontinental Bank because their mean difference are all significant at 0.001. Hence, both UBA and Intercontinental Banks should promote activities that anchor on time and cost savings for their customers. In the case of the twelfth principal component- *Use of ICT in banking* , the Scheffe post-hoc test reveals that the respondents with First Bank account for the higher mean difference. The import of this is that respondents that bank with First Bank places greater importance in the Use of ICT in banking, than respondents that have account with other banks studied. Hence First Bank should continue to promote high level technology-driven banking services to increase loyalty among its student customers.

#### 4.4.2.2. Test of Hypothesis Four

**Hypothesis Four**

**HO:** The mean component score on factors responsible for students' loyalty to their bank will not differ significantly by educational institution.

**Hi:** The mean component score on factors responsible for students' loyalty to their bank differ significantly by educational institution.

Decision Rule:

The decision rule is to reject the Ho and accept the HI if the calculated F-test value is greater than the critical or table F-test value; otherwise, accept the Ho and reject the HI.

Determination of the F-test critical value:

At 5% level of significance with 3 degrees of freedom for the numerator and 396 degrees of freedom for the denominator, the F- distribution critical value is 2.60 (see Appendix G for the F- distribution table).

Determination of the F- test calculated value:

The result of the F- test calculated value (see page 3 of Appendix E) is shown in Table 4.7

**Table 4.7**
Result of T-test Calculated Value for Hypothesis Four

| | **F** |
|---|---|
| Regression factor score for component 1 | 2.514 |
| Regression factor score for component 2 | 2.137 |
| Regression factor score for component 3 | 1.215 |
| Regression factor score for component 4 | 0.096 |
| Regression factor score for component 5 | 2.374 |
| Regression factor score for component 6 | 0.786 |
| Regression factor score for component 7 | 4.581 |
| Regression factor score for component 8 | 1.113 |
| Regression factor score for component 9 | 3.780 |
| Regression factor score for component 10 | 9.276 |
| Regression factor score for component 11 | 0.913 |
| Regression factor score for component 12 | 2.364 |

As shown in table 4.6, the f-test calculated value of 2.514 for the first principal component is less than the critical f-test value of 2.60. Hence the researcher accept the null hypothesis but rejects the alternate hypothesis and concludes that the first principal component- *good customer-bank relationship and satisfactory services-* do not differ significantly by educational institution. The import of this is that *good customer-bank relationship and satisfactory service* as a determinant of customer loyalty is of equal importance to respondents of all the educational institution studied. This holds same for the second, third, fifth, sixth, eighth, eleventh, and twelfth principal component. For these principal components, their calculated F- value is less than the critical f-value. Therefore, the researcher concludes that they do not differ by educational institution and as such, they are of equal importance to respondents of all the educational institution studied.

However, the seventh, ninth and tenth principal components shows otherwise. In these cases, the calculated f-value are greater than the critical f-value of 2.60, which means the researcher rejects the null hypothesis and accepts the alternate hypothesis. Hence, the researcher concludes that the seventh, ninth and tenth principal components differs significantly by educational institution.

Specifically, in the case of the seventh principal component- *Relative time and cost savings,* we conclude that time and cost savings as a determinant of students' loyalty differs significantly by educational institution. Which of the educational institution account for this mean difference? The Scheffe post-hoc test shows that IMT and UNIZIK account for this difference (see asterisked figures in the seventh component on page 5 of Appendix E; note that they are significant at 0.005). The implication of this is that banks situated at the campuses of these institutions should emphasize more of time and cost savings in their operations.

Similarly, in the case of the ninth principal component- *caring staff,* we conclude that this principal component as a determinant of students' loyalty differs significantly by educational institution. Which of the educational institution account for the mean difference? The Scheffe post-hoc test also shows that IMT and UNIZIK account for this difference (as asterisked figures in the ninth component on page 6 of Appendix E, note that they are significant at 0.005). The implication of this is that banks situated at the campuses of this institution should emphasize more of sound caring attitude of staff during service delivery; this has the potency of stimulating the loyalty of its student customers.

In the case of the tenth principal component- *Good corporate social responsible schemes,* we concluded that this principal component as a determinant of students' loyalty differs significantly by educational institution. The Scheffe post-hoc test also shows that IMT, UNIZIK and UNEC accounts for this difference (see asterisked figures in the tenth component on page 6 0f Appendix E; note that they are significant at 0.005). The implication of this is that banks situated at the campuses of this institutions should emphasize more of good corporate social responsible schemes, as this has the potency of stimulating the loyalty of its student customers. Such social responsible schemes should be students oriented or should impact on students for it to have significant impact on students loyalty.

## 4.5 Section D: Data presentation- Providing Answers To The Research Questions

To proffer valid answers to the research questions formulated in Chapter One of this study, the researcher will adopt the coefficient of Determination. This is obtained by squaring the entire factor loading across the twelve components (see Appendix F) for a particular variable of interest. The result are then summed up and multiplied by 100%. The index that finally results is known as the Coefficient of Determination, which is usually denoted by r (see Schumacher and McMillan, 2003). The Coefficient of Determination, according to Schumacher and Mcmillan (2003) sustained that it shows the proportion of the variance that two measures share or have in common.

If the r is high or very strong, then we conclude that the variable or item involved contributes highly to determining students' loyalty to their bank.
However, if the r is low, then we conclude that such a variable does not contribute or is not important in determining students' loyalty to a bank.

### 4.5.1 Data Presentation on The Third Research Question

**Research Question3:** To what extent does social relationship with bank staff determine student loyalty to their bank?

Note that social relationship with bank staff is ITEM16. Therefore the factor loading of ITEM16 under each component is used to compute ***r*** as follows (see item 16 of Appendix F):

**Table 4.8**

Computation Of r for Item 16

| COMPONENTS | FACTOR LOADING | COEFFICIENT OF DETERMINATION |
|---|---|---|
| | r | $r^2$ |
| 1 | 0.293 | 0.085849 |
| 2 | 0.524 | 0.274576 |
| 3 | -0.282 | 0.079524 |
| 4 | -0.149 | 0.022201 |
| 5 | 0.237 | 0.056169 |

| | | |
|---|---|---|
| 6 | 0.072 | 0.005184 |
| 7 | -0.033 | 0.001089 |
| 8 | -0.214 | 0.045796 |
| 9 | -0.196 | 0.038416 |
| 10 | 0.105 | 0.011025 |
| 11 | -0.096 | 0.009216 |
| 12 | -0.088 | 0.007744 |
| | **TOTAL** | **0.636789** |

Hence, $r^2$ is obtained thus: 0.636789x100= **63.7%**

This figure (63.7%) shows is strong linear relationship between social relationship with bank staff and customer loyalty. Thus, to a large extent, social relationship with bank staff explains or contributes to stimulating loyalty to bank among student customers.

### 4.5.2 Data Presentation on The Fourth Research Question

**Research Question 4:** To what extent is branch closeness to customers a determinant of bank loyalty students?

Note that branch closeness to customer is ITEM40. Therefore the factor loadings of ITEM40 under each component is used to compute ***r*** as follows (see item 40 Appendix F):

**Table 4.9**
Computation of r for ITEM 40

| COMPONENTS | FACTOR LOADINGS | COEFFICIENT OF DETERMINATION |
|---|---|---|
| **1** | 0.300 | 0.09 |
| **2** | 0.118 | 0.013924 |
| **3** | 0.478 | 0.228484 |
| **4** | 0.354 | 0.125316 |
| **5** | 0.072 | 0.005184 |
| **6** | -0.125 | 0.015625 |
| **7** | 0.170 | 0.0289 |
| **8** | -0.247 | 0.061009 |
| **9** | -0.095 | 0.009025 |
| **10** | 0.008 | 0.000064 |

| | | |
|---|---|---|
| **11** | 0.049 | 0.002401 |
| **12** | -0.008 | 0.000064 |
| **TOTAL** | | **0.57996** |

Hence, $r^2$ is obtained thus: 0.5996 x 100=58%

This figure (58%) shows a strong linear relationship between branch closeness to customer and customer loyalty. Thus, to a large extent, social relationship with bank staff explains or contributes to stimulating loyalty to a bank among their student customers.

### 4.5.3 Data Presentation on The Fifth Research Question

**Research Question 5:** To what extent does speed of transaction determine students' loyalty to their bank?

Note that speed of transaction is ITEM 3. Therefore the factor loadings of ITEM 3 under each component are used to compute ***r*** as follows (see item 3 of Appendix F):

**Table 4.10**

Computation of r for ITEM 3

| COMPONENTS | FACTOR LOADINGS | COEFFICIENT OFDETERMINATION |
|---|---|---|
| | **r** | **$r^2$** |
| 1 | 0.595 | 0.354025 |
| 2 | -0.299 | 0.089401 |
| 3 | -0.257 | 0.066049 |
| 4 | 0.078 | 0.006084 |
| 5 | -0.009 | 0.000081 |
| 6 | -0.031 | 0.000961 |
| 7 | 0.115 | 0.013225 |
| 8 | -0.265 | 0.070225 |
| 9 | 0.217 | 0.047089 |
| 10 | 0.052 | 0.002704 |
| 11 | 0.107 | 0.011449 |
| 12 | -0.312 | 0.097344 |
| **TOTAL** | **0.758637** | |

Hence, $r^2$ is obtained thus: 0.758637x 100 =76%

This figure (76%) shows is strong linear relationship between speed of transaction and customer loyalty. Thus, to a very large extent, speed of transaction explains or contributes to stimulating students' loyalty to their bank.

### 4.5.4. Data presentation on The Sixth Research Question

**Research Question 6:** To what extent does the risk of moving or switching to another bank a determinant of students' loyalty to their bank?

Note that *risk of moving or switching to another bank* is ITEM 35. Therefore the factor loadings of ITEM 35 under each component are used to computer $r^2$ as follows (see ITEM 35 of Appendix F):

**Table 4.11**
Computation of r for item 35

| COMPONENTS | FACTOR LOADINGS | COEFFICIENT OF DETERMINATION |
|---|---|---|
| | r | $r^2$ |
| 1 | 0.141 | 0.019881 |
| 2 | 0.419 | 0.175561 |
| 3 | -0.035 | 0.001225 |
| 4 | 0.406 | 0.164836 |
| 5 | 0.048 | 0.002304 |
| 6 | -0.050 | 0.0025 |
| 7 | -0.0117 | 0.013689 |
| 8 | 0.300 | 0.09 |
| 9 | 0.362 | 0.131844 |
| 10 | -0.161 | 0.025921 |
| 11 | 0.175 | 0.030625 |
| 12 | 0.003 | 0.00009 |
| | **TOTAL** | **0.575695** |

Hence, $r^2$ is obtained thus: 0.575695x 100 = 58%

This figure (58%) shows a strong linear relationship between *risk of moving or switching to another bank* and customer loyalty. Thus, to a large extent, risk of moving or switching to another explains contribute to stimulating students' loyalty to their bank.

### 4.5.5 Data presentation on The Seventh Research Question

**Research Question 6:** To what extent does efficient ATM a determinant of students' loyalty to their bank?

Note that efficient ATM is ITEM 25. Therefore the factor loadings of item 25 under each component are used to compute $r^2$ as follows (see item 25 of Appendi

**Table 4.11**
Computation of $r^2$ for ITEM 25

| COMPONENTS | FACTOR LOADINGS | COEFFICIENT OF DETERMINATION |
|---|---|---|
| | r | $r^2$ |
| **1** | 0.559 | 0.32481 |
| **2** | -0.126 | 0.015876 |
| **3** | 0.181 | 0.032761 |
| **4** | 0.074 | 0.005476 |
| **5** | -0.026 | 0.000676 |
| **6** | -0.172 | 0.029584 |
| **7** | -0.220 | 0.0484 |
| **8** | -0.011 | 0.000121 |
| **9** | 0.160 | 0.0256 |
| **10** | 0.027 | 0.000729 |
| **11** | -0.392 | 0.153664 |
| **12** | 0.069 | 0.004761 |

**TOTAL** **0.630129**

Hence, $r^2$ is obtained thus: 0.630129 x 100 = 63%

This figure (63%) shows is a strong linear relationship between ef*ficient ATM* and customer loyalty. Thus, to a large extent, *efficient ATM* explains or contributes to students' loyalty to their bank.

## CHAPTER FIVE

## 5.0 SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENATIONS

### 5.1 Introduction

Statistics are nothing until meanings are extracted from them through the process of explanation and interpretation (Okeke, 2005). Hence, it is in this chapter that the researcher, having collected a mass of data and having subjected them to statistical analysis as discusses in chapter four, interprets the data so collected and analyzed and then extracts meaning from them.

Therefore, this chapter will be dedicated to the interpretation of data collected and analyzed. In this regard, this chapter will be divided into three parts. They are: summary of findings, conclusion and recommendations.

### 5.2 Summary of Findings

On the strength of the analysis of data conducted in the preceding chapter, the findings of this study are summarized as follows:

1. The PCA was used to reduce variables that determine loyalty to their bank from 49 to 47 variables and the 47 variables were grouped, using the PCA, into 12 principal components that best explain students loyalty to their bank. They are the key determents or antecedents of students' loyalty to their bank, especial in the Nigeria banking sector. The 12 components, which are arranged in the order of their importance, are what the researcher calls the **12-point Student Customers Bank Loyalty Index Model.** The 12 principal components are:
    - i. Good Customer-Bank Relationship And Satisfactory Services
    - ii. Efficient Staff
    - iii. Family And Social Relationship With Bank
    - iv. Accessibility Of Bank Services To Customers
    - v. Physical And Psychological Safety Of Customers
    - vi. Perceived High Cost Of Switching To Another Bank.
    - vii. Relative Time And Cost Savings

viii. Strong Capital Base Of Bank
ix. Caring Staff
x. Good Corporate Social Responsible Schemes
xi. Constant Availability Of Banking Services
xii. Use Of ICT Banking

Accordingly, these components are now shown in the model below. As depicted by the model, each component has a dark arrow that jointly forms a flower-like shape, which is bank loyalty. Thus each component jointly constitutes or promotes bank loyalty. Note that the numbering does not represent order of importance; however the first component is the main component stimulating bank loyalty among student customers of banks.

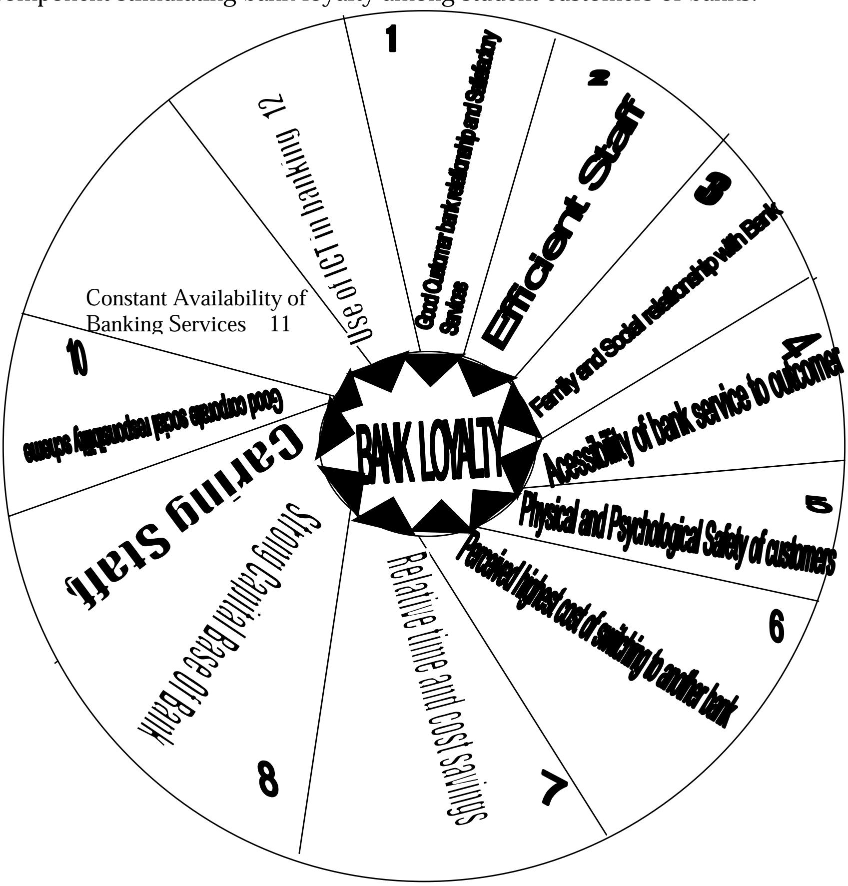



**Fig 3:** The 12-point Student Customer Bank Loyalty Index Model

2. As clearly seen from the 12 principal components, *good customer-bank relationship and satisfactory services* is the most important principal component or determinant of bank loyalty among students. Put differently, satisfactory is most critically important antecedent of customer loyalty to banks and indeed among student customers of banks. Among the predictor variables examined, customer satisfaction accounted for the largest variation in customer loyalty. This supports other literature showing that customer satisfaction is a leading factor in determining loyalty. For instance, Hennig- Thurau (2002) argued that customer satisfaction is the only immediate antecedent of customer loyalty. It implies therefore that the more satisfied a customer is with the services of a bank the more likely the customer would be loyal. The present finding thus supports the relationship quality model (Morgan and Hunt, 1994), which gives credence to customers' evaluations of service relationship with service as central to decision to continue or leave the relationship with service provider. Such evaluations give rise to feelings of satisfaction. It is revealed therefore that customer satisfaction is more important than service quality perception in gaining customer loyalty. Nonetheless, the significant contribution of services quality perception confirm reports by Fisher (2001) that customer satisfaction account for only part of why people change product or services providers.

## 5.3 Conclusion

This study sought to find out the determinants of the loyalty of student customers of banks. The PCA was used to ascertain 12 principal components that best explain students loyalty to their bank. In addition to the PCA, ANOVA, t-statistic and coefficient of determination were used to analyze primary data collected using a structures questionnaire of 5-point likert summative scale format. It is therefore conclude that there is a strong positive relationship between customer loyalty and the profitability of banks and that customer satisfaction is most critical bank customer loyalty.

## 5.4 Recommendations

Based on the forging findings, the researcher makes a number of recommendations.

1. The researcher recommends that banks, especially those that are located within campuses in Nigeria, should from time to time assess or determine the loyalty they are enjoying from their student customers. Accordingly, they should employ the **12-point Student Customer Bank Loyalty Index** as criteria for determining this.

2. The second finding of this study (discussed above) underpins or reinforces the importance of customer satisfaction in the value chain and indeed, in service delivery. In addition, this study has confirmed the importance of studying and understanding customer behavior, for the purpose improving customer services in the banking system in Nigeria. To gain customer loyalty, bank management ought to satisfy their customers. This can be best implemented when customers' needs are known and machineries are put in place at getting them satisfied. It has been revealed that customer satisfaction is dependent on the products performance (kotler et al, 2003) and product performance depends on meeting customers' needs and expectations. This supports relational benefits approach of relationship marketing theory which proposes the fulfillment of relationship-oriented customer benefits for future development of existing relationship (Gwinner et al 1998). Increased customer loyalty is the single most important driver of long-term financial performance of banks and services quality and customer satisfaction have been demonstrated as essential keys to securing customer loyalty (see Bloemer et al, 2002; Duncan and Elliot, 2002).

   It is recommended that bank management in Nigeria, therefore, to improve customer services by giving customers what they want, when they want it. Thus identifying and satisfying customers needs could improve bank customer services because what is offered can be used to separate own service from competitors. As a step towards achieving this, customers who hold account with competing banks could be studied intermittently, so as to identify what aspects of customer service are being enjoyed in competing banks that are not present in own bank. This design will enable banks that are sensitive to market research compete favourably with other banks as they will do better in comparative advantages.

3. Since this study shows that customer satisfaction is the most important in explaining customer loyalty, it means that the impact satisfaction on loyalty is considerably stronger than the cost of switching. This implies that banks should place greater emphasis on achieving high level of customer satisfaction than on creating switching barriers. This is because, on the one hand, loyalty is based mainly on satisfaction, and on the other hand, switching costs present the additional disadvantage of the difficulty of attracting new customers especially when they are aware of the existence of such costs, and the possibility that outside forces may eliminate the barriers erected by switching costs. Nevertheless, the direct positive relationship between switching costs and loyalty may imply that banks could undertake actions that increase switching costs for their customers, such as establishing preferred customer programmes, which can also contribute to increasing customer satisfaction.

4. It is also recommended that the banks should emphasize the 12 principal component in their service delivery and they should, from time to time, use the **12- Point Student Customers Bank Loyalty Index** as criteria for monitoring and assessing their customer loyalty level.

## BIBLIOGRAPHY


Agbonifo, B.A. and Yomere, G.O. (1999), ***Research Methodology in the Social Sciences and Education.*** Benin: Uniben Press.

Amanda, P. and Brandt D.R. (1995***), "Understanding Your Customers – What You Can Learn from a Customer Loyalty Index"***, Journal of Marketing tools. Vol. 3 No9

Anderson, E.W. and Weits, B. (1989), ***"Determinants of Continuity in Convertional Industrial Channels Dyads",*** Marketing Sceinces. Vol. 8 No. 4.

Anderson, E.W. and Forneil, C. (1994), " ***A Customer Satisfaction Research Prospectus",*** in Rust, R.T. and Oliver, R.L. (Eds), Services Quality: New Directions in theory and practice. Clifonia: Sage, Thousands Oaks.

Avkiran, E.W. (1999), ***"Quality Customer Services Demands Human Contact",*** The International Journal of Bank Marketing, Vol. 17 No. 2.

Babalola, S.T. (2003), ***Hospitality Marketing.*** Onitsha: Africanfep Publishers

Bateman S.T. and Sneu, S.A. (1999), ***Management: Building Competitive Advantage***. New Jersey: Irwin.

Berry, L.L. (1983), ***"Relationship Marketing",*** in Berry L.L., Shostack, G.L. and Upah, G.D. (Eds). Perspectives On Services Marketing. American Marketing Association, Chicago, IL.

Benneth, R. and Rundle-thiele, S.R. (2002), ***"A Comparison of Attitudinal Layalty Measurement Approaches",*** Journal of Brand Management, Vol. 9 No. 3

Benneth, R. (1996), ***Marketing.*** New Jersey: Prentice Hall, Englewood Cliffs.

Bloomer, J., Ruyter, K., and Peeters, P. (1998), ***"Investigating Drivers of Bank Loyalty: The Complex Relationship Between Images, Services Quality and Satisfaction"*** ,International Journal of Bank Marketing.Vol.16 No.7

Belch, E.B and Belch, A.B (1998) ***Advertising and Promotion: An Integrated Marketing Communication Perspectives***. 4th Ed ,New York: Irwin/McGraw-Hill.

Beerli,Martin, J.D.and A.Quintana (2002) ***"A model of Customer loyal In The Retail Banking Market."*** European Journal of Marketing.Vol.38.No.1/2

Clark, M.(1997) ***"Modeling The Impact Of Customer-employee Relationship On Customer Retention Rates In A Major UK Retail Bank."*** Journal Of Management decision.Vol.35 No.3

Czepie,,J.A.(1990), ***"Service Encounters and Services Relationship: Implication For Research"***, Journal of Business Research Vol.20

Chukwuemeka ,E.E.O (2002), ***Research Method and Thesis Writings :A Multi-Discipline Approach***. Enugu : Hope-Rising Ventures Publishers

Gronroos.C.,(1994) ***"From Marketing Mix to Relationship Marketing: Towards a Paradigm Shift in Marketing"***, Journal of Management Decision,Vol.32,No2.

Gummesson,E.,(1997), ***"In Search of Marketing Equilibrium:***

***Relationship marketing Versus Hyper Competition"*** , Journal of Marketing Management ,Vo1.13,No13.

Divett,M,Crittenden,N,and Henderson ,R,(2003) ***"Activity Influencing Consumer Loyaly."*** International Journal of Consumer Marketing.Vol.4,No7.

Dick,A.S and Basu,K.(1994). ***"Customer Loyal: Toward an Integrated Conceptual framework"*** Journal of the Academy of Marketing science.Vol.22,No2

Dibua,E.C and Dibua ,E.C,(2005), ***Element of Business Statistics*** (vol.2)Onitsha :Good Success Print

Duncan ,E and Elliot,G(2002), ***"Customer Services Quality and Financial Performance Among Australian Retail Financial Institutions".*** Journal of Financial Services Marketing.Vol.7No.1

Ganesh ,J.,Reynolds,K.and Arnold,M(2000), ***"Understanding the customer Base Of Services providers:An Examination of the Differences Between Switchers And Stayers"*** Journal of Marketing Vol.64No .3

Ebhodaghe,J.U(1996) ***"The Impact of failed Banks On The Nigerian Economy"*** .Senior Executive Course,No18,NIPSS,kurr,Lagos

Ebhodaghe,J.U(1996) ***"Distress Management and Prevention Strategies For the Nigerian Banking System"*** ,NDIC Quaterly,Vol4,3/4 June

Ehigie,B.O (2006), ***"Correlates of Customer Loyalty To Their Bank: A Case Study In Nigeria".*** International Journal Of Bank Marketing.Vol.24No.7

Fisher, A.(2001) ***"Winning the Battle for Customer"*** journal of Financial Services Marketing Vol.6No.2

Federal Express (1992), ***"Federal Express Customer Satisfaction and Service Quality Measurements"***, Company presentation , Federal Express,Conventry.

Gremler,D.D.and Brown,S.W (1996), ***"Service Loyalty: Its Nature, Importance and Implications"*** ,in Edvardsson, B,Brown,S.W.

*Johnston, R.and Scheuing,E(Eds)QUIS V: Adverncing Serving Quqlity:A Global Perspective. New York:ISQA*

Hair, J.F., Bush, R.P. and D.V. Oritinau (2000), ***Marketing Research: A Practical approach for the New Millenium***. New York: Irwin McGraw-hill

Harrison, T. (2003), ***"Understanding the behaviuor of financial services consumers: a research agenda"***, Journal of Financial Services Marketing. Vol.8 No2

Institute of Chartered Accountants of Nigeria (ICAN) (2006), ***Business Communication and Research Methodology*** (Study Pack). Lagos: VI Publishers Limited.

Jacoby, J. and Chestnut, R. (1978), ***Brand Loyalty: Measurement and Management***. New York: John Wiley & Sons.

Jamal, A. and Naser, K. (2002), ***"Customer Satisfaction and Retail Banking: An Assessment of some of the Key Antecedents of Customer Satisfaction in Retail Banking"*** The International Journal Of Financial Services Marketing, Vol.8 No.2

Jones, H.and Farquhar, J.D. (2003), ***"Contact Management and Customer Loyalty",*** Harvard Business Review, November-December.

Kotler, P, Armstrong G., Saunders J. and V. Wong (1999), ***Principles of Marketing.*** London: Prentice Hall Inc

Kotler, P. and Keller, K.L. (2006), ***Marketing Management.*** New York: Pearson Prentice Hall

Kotler, P. (2000), ***Marketing Management.*** Millenium Edition. New Delhi: Prentice Hall

Kish, J. (200), ***"Before Your Customers Leave."*** Journal of Bank Marketing. Vol.32 No.2

Lewis, B.R. (1993), ***"Services Quality: Recent Developments In Financial Services",*** International Journal of Bank Marketing. Vol.11 No.6

Lucey, T. (1996), ***Quantitative Techniques.*** London: DP publications

Lapin, L.L. (1988), ***Statistics for Modern Business Decisions.*** New York: Journo Vital Inc.

Maiden, A. (1996), ***Marketing financial Services.*** London: Macmillan Press

Mittel, B, and W.M. Lassar (2003), ***"Why Do Customers Switch? The Dynamics of Satisfaction Versus Loyalty."*** Jouirnal of Marketing Management. Vol.3 No3

Morgan, R.M. and Hunt, S.D. (1994), ***"The Commitment-Trust Theory of Relationship Marketing",*** Journal of marketing. Vol. 58

Nzelibe, C.G.O. and G.C. Ilogu (1996), ***Fundamentals of Research Methods.*** Enugu: Optimal Publishers

Newman, K. (2001), ***"Interrogating SERVQUAL: a critical assessment of service quality measurement in a high street retail bank",*** The International Journal of Bank Marketing, Vol. 19 No.3

Nkamnebe, D.A. and M.c. Olise (2003), ***"The Nature of Relationship marketing"*** Journal of Marketing Vol. 2 No.1

Okoduwa, A. I. (1995), ***"Distress in the Financial System: Causes and Solution.",*** paper presented to Rotary Club of Victoria Island, Palace Hotel, Lagos, August.

Onwe, O.J. (1998), ***Elements of Project and Dissertation Writing: A Guide to Effective Dissertation Report.*** Lagos: Impressed Publishers.

Okeke, T.C. (2005), Reseach Methods: ***A Guide to Success In project Writing.*** Bauchi: Mulyisys Nig Enterprises.

Olson, J.C. Peter, J.P. (1999). ***Consumer Bahaviour and Marketing Strategy.*** 5th ed. New York: Irwin McGraw-Hill.

Riecheld, F.F. (1993), ***"Loyalty-based Management",*** Havard Business Review. March-April.

Rust, R. and Zahorik, A.J. (1993), ***"Customer Satisfaction, Consumer Retention, and Market Share",*** Journal of Retailing. Vol. 69 No.12

Solomon, M.R. (1992), ***Consumer Behaviour.*** Boston: Allyn & Bacon

Synder,D.R. (1986), ***"service Loyalty and Its Measurement: A Preliminary Investigation",*** in venkatesan, M., Schmalensee, D.M. and Marshal, C.(Eds). Creativity in Service Marketing: What's New, What Works, What's developing. AMA, Chicago IL.

Schumacher, S. and J. McMillian (2003), ***Research in Education: A Conceptual Introduction.*** New York: Harper Collins College Pulishers.

Schiffman, L.G. and Kanuk, L.L. (2004), ***Consumer Behaviour.*** New Jersey: Prentice Hall, Englewood Cliffs.

Szymanski, D.M. and Henard, D.H. (2001), ***"Consumer Satisfaction: a meta-analysis of the empirical evidence",*** Journal of the academy of Marketing Science. Vol.29 No.1

Surprenant, C.F. and soloman, M.R. (1987), ***"Predictability and Personalization in the Service encounter",*** Journal of Marketing. Vol.51

Spiegel, M.R. (1982), ***Thoery and Problems of Statistics.*** New York: McGraw Hill Co.

Teas, R.K. (1993), ***"Exprectations, Performance Evaluation and Consumers Perceptions of Quality",*** Journal of Marketing. Vol.57 No.4

Uche, C.U. and Ehikwe, A.E. (2001), ***"Marketing of Banking Services In Nigeria",*** Journal of Financial Services Marketing. Vol. 6 No.2

Ugwuanyim, G.U. (2005), ***"Prediction Bank Distress In Nigeria: A Discriminant Function Approach"*** Journal of Management Sciences, Vol.7 No.1 July

Usoeshi, F.C. (1997), ***Modern Research Techniques In the Tropics.*** Owerri: Springfield Publishers

Uche, C.U. (1996), ***"The Nigerian Failed Banks Decree: A critique",*** Journal of International Banking Law, Vol11 No.10

Weiltz, B.A.; Castleberry, S.B.; and tanner, J.F. (1998), ***Selling and Building Partnerships.*** New York: Irwin McGraw-Hill

Winstanley, M. (1997), ***"What Drives Customer Satisfaction in Commercial Banking ",*** Commercial Lending Review, Vol.12 No.3

Wilson, D.T. (1995), ***"An Integrated Model of Buyer-seller Relationships",*** Journal of the Academy of marketing Sciences. Vol.23 No.4

Zeithaml, V.A. (1981), ***"How Customer Evaluation Processes Differ BVetween Goods and Services",*** in Donnelly, J.H. and George, W.R. (Eds). Marketing of Services. AMA. Chicago IL.

# QUESTIONNAIRE

Department of Marketing, Faculty of management Sciences, School of postgraduate Studies, UNIZIK, Awka

**INTRODUCTION**

Thank you for your participation in this interesting study, which is part of the requirement for the award of a Masters degree (M.Sc) in Marketing of the Nnamdi Azikiwe University, Awka.

Your participation will aid in identifying those factors that influences students' loyalty to a bank. The results of this study will not only swell the existing stock of literature in bank loyalty; but also, it will provide the banking industry with additional insights on how best to meet the needs of their students customers.

Accordingly, your attitudes, preferences, and opinions are important to this study; they will be kept strictly confidential.

Yours faithfully,

Steve Ukenna

DIRECTION: Please tick ☐ as appropriate and specify where necessary.

PART A: BIO-DATA OF RESPONDENTS

1. Name (Optional):…………………………………………………………………..
2. Telephone No. (Optional):………………………………………………………
3. Address (Optional):…………………………………………………………...
4. Your sex: Male ☐ Female ☐
5. Your age on your last birthday: 16-25yrs ☐ 26-35yrs ☐ 36-45yrs ☐
6. Marital Status: Single ☐ Married ☐
7. Occupation: Student ☐ Business/Trading ☐ Civil Servant ☐ Others (specify)…........
8. Religion: Christian ☐ Islam ☐ African Traditional Religion ☐ Others (specify)…………..

SECTION B: CORE SUBJECT-MATTER QUESTIONS

9. Which higher institution do you attend: UNIZIK ☐ UNEC ☐ IMT ☐ FED. POLY. OKO ☐
10. Which is your bank (Please specify only one bank): First Bank ☐ UBA ☐ Spring Bank ☐ Intercontinental Bank ☐ Any other (specify)……...
11. To what extend does the following influence your commitment to your bank?

| | Variable | Very Strongly | Strongly | Undecided | Slightly | Not at all |
|---|---|---|---|---|---|---|
| 1 | Safety of funds | | | | | |
| 2 | Efficient Service | | | | | |
| 3 | Speed of Transaction | | | | | |
| 4 | Friendly Staff | | | | | |
| 5 | Bank recommended by parents and family members | | | | | |
| 6 | Bank recommended by friends | | | | | |
| 7 | Bank Reputation | | | | | |
| 8 | Credit Availability | | | | | |
| 9 | Poor service delivery | | | | | |
| 10 | Range of Services | | | | | |
| 11 | Convenient Location | | | | | |
| 12 | Perceived size of the bank | | | | | |
| 13 | Ethic consideration in bank ownership | | | | | |
| 14 | Interest rates on Savings | | | | | |
| 15 | Family relationship with bank staff | | | | | |
| 16 | Social relationship with bank staff | | | | | |
| 17 | Satisfactory personal services and advice from bank | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | staff | | | | | |
| 18 | Perceived honest and trustworthiness of bank staff | | | | | |
| 19 | My bank is socially responsible | | | | | |
| 20 | Skillful bank workers | | | | | |
| 21 | Good understanding of customers' needs | | | | | |
| 22 | Zero or low bank charges | | | | | |
| 23 | Physical safety to customers | | | | | |
| 24 | Confidentiality of transaction | | | | | |
| 25 | Efficient ATM | | | | | |
| 26 | My bank listens to their customers | | | | | |
| 27 | Swift response to customer complains | | | | | |
| 28 | Weekend banking | | | | | |
| 29 | Introduction of ATM | | | | | |
| 30 | Extended banking closing hours | | | | | |
| 31 | Solid security and safety arrangement for customers | | | | | |
| 32 | Length of relationship with bank | | | | | |
| 33 | Opening a new account with another bank involves difficult process | | | | | |
| 34 | To change to another bank involves investing time | | | | | |
| 35 | To change to another bank involves a risk in closing another bank which might turn out to satisfy me | | | | | |
| 36 | My bank gives me personal attention | | | | | |
| 37 | My bank has my best interest at heart | | | | | |
| 38 | Update of customer's account balance via SMS | | | | | |
| 39 | Use of ATM even in other bank's ATM machines | | | | | |
| 40 | Branches are close to customers | | | | | |
| 41 | Very strong capital base | | | | | |
| 43 | Online banking services | | | | | |
| 44 | Sound and experienced management/Board of directors | | | | | |
| 45 | No queuing during transactions | | | | | |
| 46 | Easy, fast and efficient money transfer system | | | | | |
| 47 | Low incidence of fraud | | | | | |
| 48 | Good looking and attractive staff | | | | | |
| 49 | Mobile banking services | | | | | |
| 50 | No hidden bank charges | | | | | |
| | | | | | | |