

## WHAT DRIVES LOYALTY FOR LOW INCOME EARNERS IN EMERGING MARKETS?

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### Abstract

This paper investigates the determinants of loyalty for low income earners in emerging markets. A survey of 287 customers of specialized banks (banks built for low income earners) in Abakaliki Nigeria was conducted. The hypotheses under study were tested using factor and regression analysis. The results from the test show that determinants of customer loyalty include satisfaction, trust as well as perceived service quality. However, corporate image is not a determinant of customer loyalty. This study offers important implications to researchers as well as practitioners and highlights the insignificance of the company's image to customer loyalty which is a basis for further studies. In the Nigerian societal context, corporate social responsibility (CSR) which in turn gives rise to corporate image is viewed as an act of philanthropy and mostly carried out by most multi-national companies (MNCs). The CSR programmes of these Multi-nationals mimic the CSR programmes of western economies neglecting local realities and the peculiarities of the Nigerian diverse economy occasioned by socio-economic challenges.

**Key words:** Loyalty, Low income earners, Emerging markets, Service quality, Corporate image

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## **Introduction**

A topical issue that has stolen the attention of most scholars and professionals alike in the services of marketing landscape in the recent past decade is customer loyalty (Javalgi and Moberg, 1997; Jacoby and Chestnut, 1978; Guseman, 1981; Leninkumar, 2017; Roselins, 1971; Hasiri and Afghampour, 2016; Gee, Coates and Nicholason, 2008; Omoregie, Addae, Coffie, Ampong and Ofori, 2019; Ozkan, Suer, Keser and Kocakoc, 2019; Ofori, Boakye, Narteh, 2017; Zhang *et al*, 2021). In the global market environment, according to Javalgi and Moberg (1997), organizations are constantly searching for ground-breaking ways of accomplishing an edge, boosting their patron loyalty and developing competence without compromising the standard of their services. In his assertion, Raj (1985) opines that loyal customers are the real builders of a business and as such loyalty is therefore the ultimate objective of marketers. This objective of marketers is usually reflective in the post-transaction perspective of the customer (Narteh and Kuada, 2014) which in turn is reflected in the type of relationship that exists between the company, her stakeholders and customers (Stan, Caemmerer and Cattan-Jallet, 2013).

Most scholars in consumer behaviour literature are of the opinion that loyalty as a construct is “complex” (Javalgi and Moberg, 1997). This is evidenced in scholars’ inability to proffer a definition for the construct. The first group of scholars to define loyalty defined it in terms of “behaviour”. Ehrenberg (1988) identified this school as taking a stochastic approach to loyalty. In this approach, the behaviour of the customer is paramount as his preference structure is always seen in how he behaves towards the purchase of a product. Variables such as shares of purchase, purchasing frequency etc. are the measures of this approach (Bass, 1974; Tranberg and Hansen, 1986). In the opinion of Dick and Basu (1994), one of the major limitations of this school of thought is the seemingly disregard of the reasons that might be behind repeat purchases. These critics suggest the inclusion of attitude in the definition of loyalty. The inclusion of attitude in the definition of loyalty gave rise to the deterministic approach or school of thought (Fournier and Yao, 1997). Scholars in this school suggest that a careful and thorough analysis of customers’ behaviour towards purchasing of a product is pivotal to understanding the underlying attitudes-structure of the customer (Fournier and Yao, 1997). More so, customers’ willingness to recommend, customers’ buying intention and suppliers’ prioritization shows that relative attitude is an effective evaluation of a brand.

Customer loyalty plays a significant role in the Nigerian banking sector. The Nigerian banking industry has witnessed intense competition since its deregulation, consolidation in 2004 (Oloyombo, 2007) as well as the introduction of universal banking by the Central Bank of Nigeria. The banking reform has brought about divergent marketing strategies for the purpose of increasing customer base. These banks had intensified efforts in attracting and keeping customers in the market place. The banking reform that took place in the Nigeria banking system also led to the emergence of a new type of banking in Nigeria known as “Microfinance Bank”. Other names for this type of banking system include: Sustainable Finance, Microfinance Institutions and Micro-enterprise finance (Ogunleye, 2002).

Microfinance banking was developed to cater for the financial needs of low-income customers through the provision of loans and money deposit services. In an emerging market such as Nigeria, the need to provide for the financial needs of the poor and low income earners is a priority (Sunje and Civi, 2007) and as such financial education in rural communities have increased (Ognleye, 2002). The Nigerian banking sector is made up of retail, mortgage and community banks amongst others. Microfinance banks formerly called community banks were established to handle the financial needs of the poor and low income earners in the society (Soludo, 2004). The banking industry is rift with intense competition. Currently, there are about 898 microfinance banks in Nigeria (CBN Bulletin, 2019). In Abakaliki, the capital of Ebonyi State, microfinance banks are six (6) in numbers; this is exclusive of the fifteen (15) retail banks in the state capital. Retail banks have at least one (1) branch in the state capital. This goes further to buttress the point that there is intense competition for customers in the banking industry. Due to the seemingly large number of banking outfits in the capital, there will be a need for banks to devise means of attracting and retaining her customers. Empirical investigations reveal that there are noticeable gaps in the current customer loyalty literature. These gaps include:

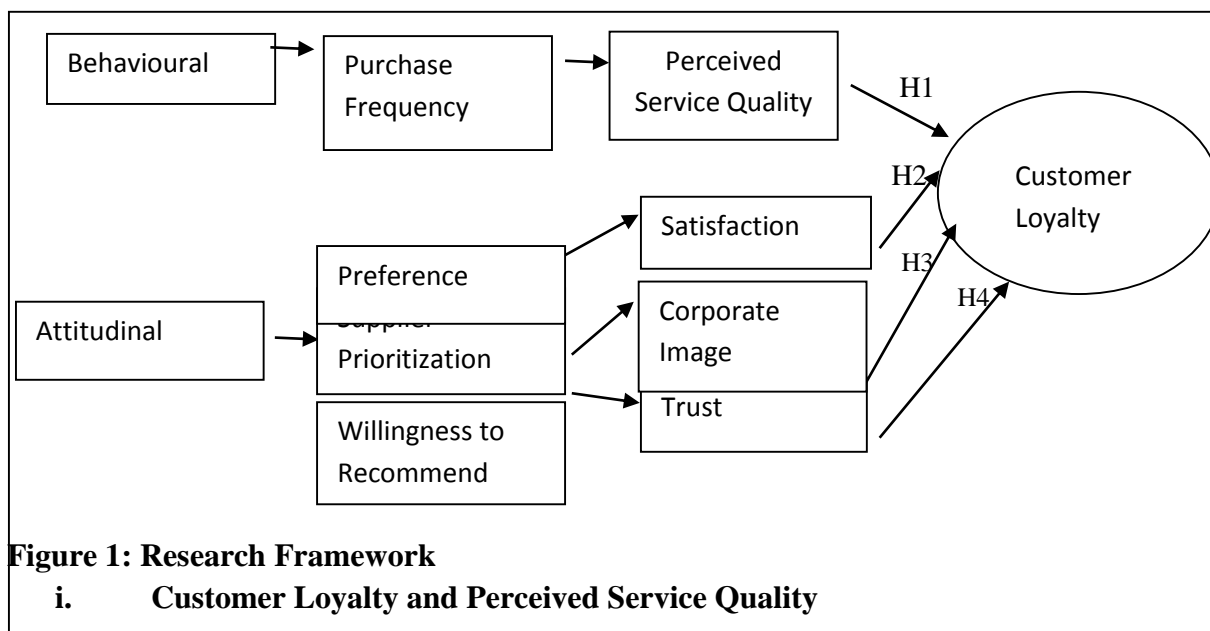
1. Studies on the factors that lead to customer loyalty have always been domiciled in the retail banking sector (Ehigie, 2006; Kheng *et al*, 2005; Ogba, 2008), almost none has been carried out in the microfinance banking sector. Microfinance banks cater for the financial needs of low income earners; given that empirical findings show that customers are loyal to services brand along demographic lines such as income (Synder, 1991; Iacobucci and Ostron, 1994), it will make research sense if a study is carried out to the peculiar factors that cause loyalty in the microfinance banks since microfinance banks were specifically created for the low income earners.
2. Most of the studies on loyalty carried out in the retail banking sector have been centered on either an aspect of loyalty such as commitment (Ogba, 2008), work-life balance (Mordi, Mimieh and Ojo, 2012), an outcome of loyalty such as economic growth (Akpansung and Babalola, 2011), or bank profitability (Aburine, 2008) amongst others. There are none that have holistically examined the factors that can lead to loyalty in the microfinance banking sector.
3. Furthermore, empirical investigations (Omoregie, Addae, Coffie, Ampong and Ofori 2019; Ofori, Boakye, Narteh, 2017) show that the factors that lead to loyalty in the financial sector include perceived service quality, trust, satisfaction and corporate image. This study intends to extrapolate such findings to the microfinance banking sector to find out if such is obtainable there.

In line with the above submission on the factors that lead to loyalty in the banking sector, this study would like to discover if the factors that lead to loyalty in the banking industry, especially, in the microfinance section of the industry can be traced to perceived service quality, trust, corporate image and satisfaction.

### Theoretical Framework and Hypothesis Development

The theory of reasoned action propounded by Fishbein and Ajzen in 1975 is the theory that provides the theoretical background for this study. The theory of reasoned action was modeled in the assumption that behavioral intention of a person depends on the “person’s attitude about the behaviour” and “subjective norms that surround the consumer.” Applying this theory in real terms, loyalty as advocated by some proponents has both the behavioural and attitudinal dimensions, that is, loyalty is made up of attitude and behaviour. In line with these arguments, this study argues that consumers’ loyalty is expressed by factors that are both behavioural and attitudinal in nature. The following figure 1 depicts the standpoint of this paper. It proposes that factor that expresses customer loyalty is both behavioural, which are purchase frequency (occurs as a result of perceived service quality), and attitudinal, which include preference (occurs as a result of satisfaction), supplier prioritization (corporate image and willingness to recommendation (which is as a result of trust)).

This is made explicit in the foregoing figure.



Companies are oftentimes interested in the quality of services that are rendered to the customers. Service quality is an important feature in the overall success of any organization (Aydin and Ozer, 2005). It is the customers’ motivator to increase patronage with the organization as well as act as willing brand ambassadors for the organization through positive word of mouth communication (Venetis and Ghauri, 2000). Empirical investigations signify that there is a strong bond that exists between perceived service quality and customer loyalty (Janita and Miranda, 2013; Amin, 2016; Hapsiri, Clemes and Dean, 2017; Chen and Hu, 2012). This is buttressed by the fact that once a customer is satisfied with the level of services experienced in an organization; he is most likely to be loyal to that brand (Omoregie *et al*, 2019). For this reason, Ofori, Boakye, Narteh (2017) posits that “one of the criteria used by customers to choose banks is quality of services rendered by the

bank". In their own view, Stan, Caemmerer and Cattan-Jallet (2013) postulate that the interplay of perception of expected services and perceived performance is what drives customer loyalty.

*H<sub>1</sub>: Perceived service quality has a significant positive effect on the loyalty of customer in the Nigerian microfinance banking sector.*

## **ii. Customer Loyalty and Customer Satisfaction**

Scholars have identified customer satisfaction as a better metrics for measuring organizational performance. It is the response customer gives to the consumption of a product or service (Oliver, 1981). Customer satisfaction is evaluated with the disconfirmation paradigm which suggests that consumer satisfaction or dissatisfaction is a result of the interplay of consumer's pre-purchase expectation and post purchase evaluation (Engel *et al.*, 1990). The empirical finding of Omeregie *et al.* (2019) shows that a satisfied customer is a loyal customer. Olsen (2002) adopted an attitudinal viewpoint in the study and discovered a strong and positive correlation between loyalty, satisfaction and performance.

*H<sub>2</sub>: Customer satisfaction has a significant positive effect on the loyalty of customer in the Nigerian microfinance banking sector.*

## **iii. Customer Loyalty and Corporate Image**

Corporate image is very important to the growth and sustenance of a firm. The firm is interested in the type of impressions it creates in the public space as well as in the minds of its customers. The impressions of a customer are usually influenced by information gotten from formal and informal outlets of the organization (Yuille and Catchpole, 1977). These outlets include advertisements and word of mouth communications amongst others. The evaluation of these information with the storage of experience stored in the memory of customers leads to the creation of corporate image (MacInnis and Price, 1987). For Omeregie *et al.* (2019), it is the result of carrying out a comparison between the different characteristics of an organization. Stan *et al.* (2013) suggest that the corporate image of organization has a strong connection with customer loyalty.

*H<sub>3</sub>: Corporate image has a significant positive effect on the loyalty of customer in the Nigerian microfinance banking sector.*

## **Customer Loyalty and Trust**

Companies always strive to build the trust of their customers. It is important that firm learn how to build up their customers' faith with the intention of acquiring their trust (Omeregie *et al.*, 2019). Aside from being satisfied, the customer is likely to be a good brand ambassador of the firm. Trust brings a lot of positive outcomes to the firm. These positive outcomes include word of mouth communication (Afsar *et al.*, 2010), confidence (Anderson and Narus, 1990), credibility (Ganesan, 1994), reduces uncertainty for the customer (Chaudhuri and Holbrook, 2001) amongst others. Ofori *et al.*, (2017) assert that trust is the foundation on which the basis for a continuous

relationship between the organization and customers are built on. The relationship that is established on trust is likely to reduce the incident of uncertainty for the customer and increase customers' propensity to be loyal to the brand.

*H4: Trust has a significant positive effect on the loyalty of customer in the Nigerian microfinance banking sector*

## **Methodology**

### **Research Design and setting**

The researchers made use of the descriptive survey design which facilitates the description of situation in its current state and solicits information directly from the respondents who make information more distinct and definite. The research framework of the study was examined in the banking services (specifically microfinance banks) industry in Abakaliki urban in Ebonyi state Nigeria. The population is made up of all consumers of microfinance bank services in Abakaliki. The study made use of primary data obtained from a cross sectional survey of 287 consumers of banking services in Abakaliki drawn by a simple random sampling procedure.

Geographically, Abakaliki occupies the North Eastern edge of the South-Eastern territory known as Ebonyi State (Chubb, 1961; Allen, 1932) which lies on Lat 8<sup>0</sup> N and Long 8<sup>0</sup> 30<sup>0</sup>NE of the Meridian Equator. Farming is the indigenous occupation of the people (Echiegu, 1998); nevertheless, Abakaliki, capital city is urbanized. The data were obtained within time duration of six months with the use of structured questionnaire. For research purposes, the study is domiciled in the state capital; this is due to the large concentration of microfinance banks and consumers of banking services in Abakaliki. The questionnaire used for the study had five constructs, which include: customer loyalty; perceived service quality; satisfaction trust; and, corporate image were operationalized in order to examine the research framework. A total of 24 scale items were used to appraise the construct. 7 items measured perceived service quality, 5 items measured corporate image, 3 items measured satisfaction, trust is measured with 5 items and 4 items measured customer loyalty. Measurement of the constructs was from the empirical findings of the following scholars: perceived service quality (Kaura, Pasad and Sharma, 2014); image (Aydin and Ozer, 2005); trust (Aydin and Ozer, 2005); satisfaction (Xu *et al*, 2015) and customer loyalty (Chai, Malhorta and Alpert, 2015). Modification of the measures was done on the pre-existing scale with the intention of using wordings that match the industry as well as the environmental setting of the study. The items on the questionnaire were drawn based on 5-point Likert scale. For analysis, a multiple regression technique was used after factor analysis was conducted on the data to test the hypotheses of the study.

### **Model Specification**

Generally, the multiple regression model is specified thus:

$$Y = f(x_1, x_2, \dots, x_n) \dots \dots \dots (1)$$

Where y is the dependent variable (customer loyalty)

X<sub>1</sub> - n is the independent variables (determinants)

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \mu \dots \dots \dots (2)$$

Where Y is customer loyalty, X<sub>1</sub> is the perceived service quality of the bank, X<sub>2</sub> is trust inspired by the bank, X<sub>3</sub> is corporate image of the bank and X<sub>4</sub> is the satisfaction of services as enjoyed by the customer.

That is,

$$\text{Customer loyalty} = \text{SUM\_PSQ} + \text{SUM\_T} + \text{SUM\_CI} + \text{SUM\_S} + \mu \dots \dots \dots (3)$$

Where Sum\_PSQ = Summation of Perceived Service Quality Construct

Sum\_T = Summation of Trust Construct

Sum\_CI = Summation of Corporate Image Construct

Sum\_S = Summation of Satisfaction Construct

### **Reliability and Internal Consistency Test**

In order to check the reliability of the data used for the study, Cronbach alpha test was conducted on the data. The test usually reveals the components that have the capability to be constant in replicated studies. The Cronbach alpha test is well known for its conservativeness and the minimum threshold for ascertaining reliability is 50% (Devallis, 2003). In this study, the Cronbach alpha for the constructs under study range from 60% to 80%. This is showcased on table 1.

**Table 1: Reliability and Internal Consistency Test**

<b>Construct</b>	<b>No. of items</b>	<b>Sources</b>	<b>Variab les</b>	<b>Cronbac h Alpha</b>	<b>SM if item deleted</b>	<b>SV if Item deleted</b>	<b>Cronba ch <math>\alpha</math> If item deleted</b>
<b>Perceived Service Quality</b>	7	Kaura <i>et al</i> , 2014	PSQ1	0.883	25.7382	13.042	0.893
			Kant <i>et al</i> , 2017		PSQ2	25.5394	13.559
		PSQ3	25.8076		12. 650	0.863	
		PSQ4	25.8265		12.441	0.867	
		PSQ5	25.6845		12.824	0.865	
		PSQ6	25.9117		12.404	0.865	
		PSQ7	25.6814		13.085	0.870	
<b>Corporate Image</b>	5	Aydinand Ozer, 2005	CM1	0.775	17.0126	6.038	0.777
			Bayolet <i>al</i> , 2000		CM2	16.8044	5.114
		CM3	16.7066		5.354	0.688	
		CM4	16.7666		6.445	0.773	
		CM5	16.7603		5.999	0.731	
<b>Satisfaction</b>	3	Xu <i>et al</i> (2015)	S1	0.675	12.9085	2.735	0.616
			S2		13.1609	2.211	0.559
			S3		13.0820	2.557	0.517
<b>Trust</b>	5	Aydin and Ozer, 2005	T1	0.664	9.1041	1.138	0.595
			T2		9.2019	1.098	0.563
			T3		9.1703	1.123	0.589
			T4		9.9464	1.291	0.483
			T5		9.0080	1.365	0.432
<b>Customer Loyalty</b>	4	Chai <i>et al</i> , 2015	CL1	0.679	18.1767	2.842	0.612
			CL2		17.8991	3.452	0.546
			CL3		17.8927	3.837	0.614
			CL4		18.0442	3.637	0.632

**Source:** Extracts from SPSS by the Researcher

**Note:** SM= scale mean, SV= scale variance,  $\alpha$  = alpha, PSQ = Perceived service quality, CI = Corporate image, T= Trust, S= Satisfaction and CL = Customer Loyalty



## Results

### Sampling Adequacy and Total Variance Explained

Kaiser-Meyer-Olkin (KMO) measure is the test conducted on data to check the sampling adequacy of such data and also to determine if such data is capable of explaining the objectives of the study. The minimum threshold for KMO is 0.5 (Hair *et al*, 2006); the KMO for this study is 0.834. This figure shows that the data is capable of explaining the objectives under study. Factor loading of 24 usable items with the varimax rotation based on the convergence from the Kaiser criterion shows the loading of the 24 items into 5 components. Bartlett test of sphericity which tests for components that are statistically significant show that the components under study are statistically significant at (P=0.000) with high communality of coefficients with 0.5 and above. Exploratory factor analysis in the form of PCA (Principal Component Analysis) with varimax rotation was employed for the removal and decreasing of items to a smaller number of representative components. This will lead to identifiable smaller set of factors with eigenvalue > 1.0 for easy analysis. The initial eigenvalues of the five factors/components are 7.334, 2.525, 1.731, 1.512 and 1.233 respectively. The total variance accounted for by the five components was 62.33%, this is further showcased on table 2, The rotated component matrix also showed evidence on the connection of the 24 items to the five factors extracted; this is seen on Table 3. Furthermore, a multiple regression technique was used after factor analysis was conducted on the data to test the hypothesis of the study on table 4.

**Table 2 Total Variance Explained**

Component	Initial Eigenvalue			Extraction Sum of Squared Loading			Rotated Sums of Squared Loadings		
	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.334	31.889	31.889	7.334	31.889	31.889	3.832	16.661	16.661
2	2.525	10.977	42.866	2.525	10.977	42.866	3.155	13.791	30.380
3	1.731	7.527	50.393	1.731	7.527	50.393	2.891	12.568	42.948
4	1.512	6.573	56.966	1.512	6.573	56.966	2.499	10.866	53.814
5	1.233	5.362	62.328	1.233	5.362	62.328	1.958	8.514	62.328

**Note:** Extraction Method: principal component analysis

**Source:** Extracts from SPSS by the Researchers

**Table 3 Factor Analysis**

	Component				
	1	2	3	4	5
The bank staff gave me personalized attention	.807				
Their e-banking service supply me with the exact information that I need	.771				
The service provider lets me know the accurate charge on my account	.747				
My bank can be reached through various ways (online, telephone, in-person, ATM )	.738				
My bank hours of operation are always expedient	.652				
Their complain handling process is very helpful	.623				
The materials of their services have an appealing look	.758				
I trust my bank		.686			
My bank is steady and confidently established		.677			
My bank contributes to the society		.566			
My bank's image towards customers is positive		.559			
My bank provider is original and onward looking		.542			
I feel happy with the overall experience of using this bank			.459		
I am content with the overall experience of using this bank			.798		
Overall, I am satisfied with the services rendered by this bank			.741		

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I enjoy individualized interest from my bank	.701
I will urge people who seek my advice to patronize my bank.	.741
It is my intention to continue my patronage of this bank even if charges increases	.728
	.680
I will persuade friends and relatives to patronize my bank	.673
Overall, I am pleased with my bank	.700
Overall, I am satisfied with my bank	.634
Overall, the monetary benefits provided by my bank service provider is encouraging	.586

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. Rotation converged in 10 iterations.

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**Source:** Extracts from SPSS by the Researchers

## **Discussion**

### **i. Response Rate and Demographic Outcomes**

The questionnaire used for the study resulted into 384 completed surveys out of which 97 copies of questionnaire were rejected due to multiple ticking. In total, 287 valid responses were recorded representing 74.7% of the total database. In terms of gender, the male respondents garnered 52.7% while the female respondents polled 47.3% of the population. In terms of age distribution, respondents that fell between the ages of 46-55 polled 32.1% while respondents between the ages of 36-45 were 29.6% of the population. 9.41% and 6.97% are the portion shared by respondents between the ages of 26-35 and 56-65 respectively. Only 9.76% of the respondents are above 66 years and 12.2% of the respondents are less than 25. What this information implies is that a large percentage of micro finance bank consumers in Abakaliki are middle as well as old aged adults; they are likely to have the purchasing power. 64.5% of respondents are married while 18.1% are single, 11.5% are widowed and 5.92% are divorced. In terms of educational qualification, 33.8% are B.Sc holders, 14.2% are SSCE holders, Diploma certificate holders are 18.9% while

Postgraduates have 3.5% for Masters and 1.9% for Ph.D holders respectively. 21.8% of the respondents belong to FSLC holders.

**ii. Determinants of Customer Loyalty in the Microfinance Bank Services Market in Abakaliki**

**Table 4: Determinants of Customer Loyalty in the Bank Services Market in Abakaliki**

Model	Standardized Coefficients	T	Sig
Constant	-	5.912	0.000
SUM_CI	-0.023	-0.213	0.832
SUM_T	0.159	2.247	0.025
SUM_CS	0.297	5.153	0.000
SUM_PSQ	0.251	4.894	0.000
R	0.721		
R <sup>2</sup>	0.520		

Dependent Variable: SUM\_CL

Source: Extracts from SPSS by the Researchers

Result of the regression analysis of the determinants of customer loyalty in the micro finance bank services market in Abakaliki is presented on Table 4. In applying multiple regression analysis, the result indicates that the estimated coefficient of multiple determinations ( $R^2$ ) shows that the postulated regressor (ie, determinant of loyalty which includes trust, satisfaction, service quality and corporate image) explained 46% in the variation of the regressant (that is, customer loyalty); in other words,  $R^2$  value of 0.520 connotes that, 52% of the variation in customer loyalty is related to determinant of loyalty which includes trust, satisfaction, service quality and corporate image (Hair, Bush and Ortinau, 2009). Corporate image gave a negative value of beta coefficient (-0.023 at 5% level of significance of 0.832). This means that 2.3% of the change in the customer loyalty can be ascribed to corporate image. This indicates that increase in corporate image reduces the loyalty of the micro bank consumer at least to 2.3%. This is in line with the result of previous study. Scholars such as Omoregie *et al.*, (2019) discovered that corporate image does not influence customer loyalty. According to Omoregie *et al.*, (2019), corporate image “has a significant negative effect on customer loyalty.” The implication of this finding is that the corporate image of the bank cannot influence customer loyalty. Perceived service quality gave a beta coefficient of positive value (0.251, at 1% level of significance of 0.000). This indicates that increase in perceived service quality would lead to 25% increase in customer loyalty. This is in line with the findings of Omoregie *et al.*, (2019) who postulated that “perceived service quality is an important driver of customer loyalty.” More so, studies such as Tweneboah-Koduah and Farley (2015) suggest that bankers’ ability to inspire trust and confidence which is deeply entrenched in reliability and assurance (which are dimensions of service quality) are significant drivers of

customer loyalty. Trust gave a beta coefficient of positive value (0.159, at 1% level of significance of 0.025). This indicates that increase in trust would lead to 16% increase in customer loyalty. This is in line with the findings of Omoregie *et al.*, (2019) and Leninkumar (2017) who postulated that “trust has a positive significant relationship with customer loyalty.” The implication of this finding is that when a customer had developed trust for a brand, that customer tends to re-patronize from that firm. More so, satisfaction also gave a beta coefficient of positive value (0.297, at 1% level of significance of 0.000). This indicates that increase in satisfaction would lead to 30% increase in customer loyalty. This finding correlates with the empirical findings of Fiol *et al.*, (2009), Amin (2016), Hapsari *et al.*, (2017) and Chen and Cheng (2012) who postulated that “when a customer perceives that satisfaction is guaranteed, then loyalty is assured.” On the contrary however, Janita and Miranda (2013) and Fraering and Miner (2013) are of the opinion that satisfaction may not necessary lead to loyalty.

### **Summary of Findings**

1. Trust is one of the factors that lead to customer loyalty in the micro finance bank services market in Abakaliki. An increase in trust shows an increase in customer loyalty.
2. The consumers of microfinance banks services in Abakaliki are mostly affected by the level of satisfaction that is derivable from the services rendered. An increase in the satisfaction experienced by the consumers shows a great increase in the level of loyalty shown by customers in the micro finance bank services market in Abakaliki.
3. The consumers of microfinance banks services in Abakaliki are also affected by the level of perceived service quality that the customers perceived from the provider. An increase in perceived service quality results in a slight increase in the level of consumers’ loyalty.
4. The consumers of microfinance banks services in Abakaliki are not affected by corporate image of the bank. That is, corporate image does not lead to loyalty. In fact, corporate image has a negative effect on customer loyalty.

### **Conclusion**

In Nigeria where the universal banking system is operational, different categories of banks carry out similar operations hence the intensity in competition. Banks such as retail commercial banks and micro finance banks carry out similar functions, albeit, microfinance banks cater mostly for low income earners. Rate of switching between brands is high. This is due in part to an increase in the rate of awareness that customers have about the services that a bank is expected to render. Therefore, there is a need to formulate strategies that would ensure retention of customers. Studies on the factors that might cause loyalty in the Nigerian banking sector are enormous; however most of these studies are in the retail commercial bank sector. Almost none have been domiciled in microfinance bank sector. By examining the factors that lead to consumer loyalty within the Nigerian microfinance bank industry, this study sought to provide empirical evidence that will serve as a guide to microfinance bankers in Nigeria.

## Recommendations

This study recommended as follows, that the microfinance bank service provider

- Improves on those characteristics of the service provider that instill trust in the customers. This can be done through the re-orientation of the employees on customer relationship strategies that could lead to retaining customers of the microfinance bank.
- Installs an effective feedback mechanism that would serve as a means of informing the service provider in the incident of a dissatisfied customer.
- Improves on the level of service quality offered to the customer; this includes the length of time a customer waits before being attended to and the employees ability to handle the complaints of customers within a short time frame.
- Enhances the image of the company by embarking on programmes that will directly benefit its customers. This step would change the perception of the customers towards the image of the microfinance banks.

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