

Exploring the inter-connectedness of commitment, delight, and loyalty in SA retail banking



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Developing an understanding of the concept of 'loyalty' is a critical advantage that a business needs to remain competitive in the services industry.



Source: [Pixabay](#)

As a result, service providers in South Africa, such as retail banks, need to understand better how customer loyalty is established in the market place.

Why loyalty?

Loyalty is seen as enabling a business' profitability in the long term, since it stimulates repurchase intention on a continuous basis. Over the past decade it became evident in South Africa that the future loyalty of retail banking customers depends more and more on the overall level of satisfaction they experience. Such satisfaction is also increasingly being influenced by the level of commitment that a customer has towards a business, as well as the level of delight they experience.

As a result, businesses should increasingly adapt their service strategies to support aspects such as calculative commitment (when bank customers remain committed if their perception of the economic benefits received outweigh the economic cost of remaining in the relationship) and delight (when bank customers experience feelings of joy and happiness with the relationship). This thus changes their focus from merely satisfying customers to securing their loyalty.

This is especially important, given that the banking landscape in South Africa is changing. The reason is that the five dominant banks in the country – Absa, FNB, Capitec, Nedbank, and Standard Bank – with their combined market asset holding of 91%, are slowly facing reduced market share. This is particularly because, since 2019, new banking service providers such as Bank Zero, Tyme Bank, and Discovery Bank, have entered the local banking sector.



Source: [Flxabay](#)

In addition, the combination of challenging economic conditions caused by the Covid-19 pandemic, the acknowledgement of the need to enable banking services that are fully inclusive, and the entry of numerous new banking service providers has forced banks to reassess their value offering to prospective customers.

The bank service's expectations of customers are constantly changing, leading banks to develop an improved understanding of these expectations and of how they could influence customer behaviour such as loyalty.

What can banks do to increase the loyalty intention of their customer base?

* Strengthen the satisfaction–loyalty link by applying strategies that will enhance the calculative commitment of retail banking customers: Banks should ensure that their fees are affordable to customers; that banking services and products are developed with customers and not for customers; and that they are flexible and their customers can afford them.

Banks should also ensure that they understand their customers' financial needs and expectations by doing regular research. This would provide banks with knowledge of the types of financial benefit that customers want from their banking products, and what customers regard as convenience in respect of service engagement.

* Strengthen the satisfaction–loyalty link by applying strategies that will enhance the delight experiences of retail banking customers: Banks should deliver a delightful service experience to their customer segments that could lead to loyalty in the long term. For example, banks could provide customers with an exceptional customer experience through all of their customer interface touchpoints (front office, call centre, online engagement, chatbox service exposure, are some examples), and give customers value through an omni-channel approach so that they could use multiple channels to make their bank experience convenient and memorable.



Source: [Pexels](#)

In addition, banks could supply real-time service support to customers through live chats and chatbox engagements 24 hours a day, which would give banks round-the-clock access to their customers to address their service-support needs. Moreover, banks could ensure that their after-sales service support is professionally delivered by engaging and helpful employees who understand and are empathetic towards customers' needs, expectations, and concerns.

To achieve this, banks need to ensure that their employees are continually trained in issues of thoughtfulness, empathy, understanding, emotional maturity, and the characteristics of professional behaviour. This would enable banks to develop a friendly and engaging relationship with their customers, founded on the principles of honesty, openness, and a willingness to listen and support.

* Develop a better understanding of what loyalty entails, and how such an understanding can strengthen the satisfaction–loyalty link: Retail banks in South Africa need to become more aware that the loyalty of their customers is built not just on a comprehensive and rational assessment of their satisfaction experiences. It is also important to note that, if customers perceive that the benefits of remaining committed to their retail bank are greater than the cost of switching to a competitor, they will be more intent to become loyal to their bank. Also, when banking customers experience surprise, excitement, and joy while they engage with their bank, they will regard the service experience as delightful, and show a stronger willingness to be loyal to it.



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Therefore, retail banks need to focus more strongly on creating a positive service experience for their customer base by securing more regular communication with them, continually developing employees' knowledge about newly introduced products and services, and enhancing the overall competence and communication skills of those employees.

The regular sharing of information with customers through a multiple platform approach, as well as appointing and retaining knowledgeable and skilled staff, become differentiating factors that strengthen the calculative commitment of retail banking customers to their bank in the long term.

Therefore, against that background, it has become critically important for retail banks in South Africa to develop an enhanced understanding of how customers' satisfaction levels, calculative commitment levels, and customer delight experiences influence their loyalty intentions towards their bank. The guidelines above can help retail banking brands in the country to strengthen such an understanding and to implement strategies that would improve their competitive ability in the

future.

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