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Factors Influencing Customer Loyalty in the Retail Banking Sector: A Study of Financial-Banking Services in the Republic of Moldova

Larisa Mistrean*

Investments and Banking Activity Department, Academy of Economic Studies of Moldova, MD-2005 Chisinau, Republic of Moldova

* Correspondence: Larisa Mistrean (mistrean_larisa@ase.md)

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Abstract: Purpose of this research is to identify the nature of loyalty, the valence/dimensionality of this concept, and the factors that determine customers of banking products/services in the Republic of Moldova to establish long-term relationships with the bank and remain loyal to it, thereby proposing targeted measures the banks could take to keep their customers. Online survey data of 363 customers of financial-banking products/services in the country was extracted, counted, and analyzed, and the statistical results reveal that loyalty to a banking service is similar to that in interpersonal relationships, and bank-client relationships can generate friendships or even lasting partnerships over time due to proper behavior. Based on analysis results, this paper identifies manifestations of loyalty, figures out factors for developing loyalty and trusting relationships and for improving customer attitude, and innovatively proposes a few suggestions for financial institutions to formulate customer loyalty problems and develop long-term relationships with their customers, including measuring customer loyalty level to identify genuinely loyal customers, ensuring the bank's efforts to build customer loyalty is recognized in the entire institution, relating the value of each customer to the value of rewards provided in the loyalty program, and rewarding customer loyalty according to customer priorities. Research results attained in the paper could assist bank managers in the Republic of Moldova in making managerial decisions to prevent customers from migrating to competitors and establish long-term relationships with them, and the conclusions and suggestions might be applicable to banks in other counties with similar problems around the globe.

Keywords: Customer loyalty; Loyalty programs; Banking products and services; Bank customers; Behavior; Relationship

1. Introduction

For most banks, maintaining the existing customer base is a crucial component of their marketing strategy, given that attracting new customers is 4-5 times more expensive and requires more efforts than keeping and developing relationships with regular customers. The relationship between a customer and a financial institution is significant and needs to be maintained continuously on regular basis so as to make it last in the long run, thereby ensuring customer loyalty. Although attracting new customers is always essential to the development of a bank, it is the customer loyalty program that can help retain a stable base of reliable customers - those who will provide the bank with a stable income and help it, especially in times of crisis, identify critical strategic trends and make improvements that can help the business remain relevant and reliable under the condition of economic uncertainty.

Despite accelerated global development, the banking system is witnessing a continuous struggle regarding existing and potential customers. To ensure stable activity in the intensification of competition in this market, banks develop customer orientation strategies, which represent a continuous interaction between the bank and the customer, a relationship started and constantly maintained (Mistrean, 2021c). The key to maintaining customer loyalty is to keep them satisfied, in this way, they would be willing to stay with the bank for a longer term, purchase more products and services based on their needs, and even recommend the bank to people in their entourage. Customer loyalty helps improve the bank's image, being an excellent source of advertising, it beats similar products and services from competitors even if they offer more favorable terms (such as more attractive interest rates and a grace period).

The fundamental concepts highlighted in the paper were implemented in a behavior research of customers of financial-banking services in the Republic of Moldova via a direct survey on 363 respondents, aiming at figuring out the degree of costomer loyalty toward banks in the retail banking sector in the Republic of Moldova, and solving a common problem faced by banks in the country that the high rate of customer migration has adversely affected their profitability, and most customers tend to diversify their portfolio of banks. All these take place under the condition of a major evolution of modern banking: by opening the market of payment services to new "TPP" actors - Third Party Providers (non-banking institutions, FinTech startups, or online financial service providers) (Mistrean, 2021a).

These issues raise questions for the management of financial institutions about how they should manage customer relationships and design market strategies in the future to ensure stability and economic growth. This research acts as a starting point as it provided answers to such questions by knowing the level of loyalty shown by customers toward banks and identifying the factors that can affect the development of loyalty.

The research results attained in this paper concerning the loyalty of customers of financial and banking services in the Republic of Moldova are valuable and meaningful for both academic studies and the banking and financial industries, the research conclusions could serve as a scientific basis for future scholars to deepen relevant research, financial-banking institutions can use these research findings to improve their managerial performance, and the collected data of customer loyalty can be applied by banks to identifying different-type customers based on their loyalty to the product/service and formulating customer-oriented marketing strategies.

2. Methodology

To research the loyalty of bank customers in the Republic of Moldova, a questionnaire survey was conducted with the help of this national project "Behavioral Developments of Consumers of Financial and Banking Services in the New Economic Configuration", the designed questionnaire comprises two categories of standardized questions: the first-type questions collect the profile of respondents, and the second-type questions try to figure out their perceptions and opinions about financial-banking products and services, as well as the factors that can influence the behavior of bank customers.

The survey was conducted nationally through online interaction between January and February 2022, targeting at customers of banking products and services within the country, and the replies of respondents offered us the possibility to identify the factors that determine the loyalty of bank customers and the factors that influence their attitudes toward financial institutions and their offer of products and services.

For an in-depth understanding of the subject (loyalty of bank customers), this paper drew on the analysis and synthesis results of consumer loyalty information given by previous scholars in the field. The analysis involves thoroughly examining the information and identifying its components and relationships. Synthesis combines these components and relationships to form a more complete and integrated understanding of the subject.

3. Literature Review

How 'loyalty' has been conceptualized and measured varies considerably from study to study, thus leaving room for more research into the rationale for loyalty. Customer loyalty has always been a desirable target, but in the past, it was less important than it is today. At present, loyalty is an economic and engagement model to predict consumer behavior directly impacting profit growth and future cash flows (Passikoff, 2006). Initial definitions of consumer loyalty reflect the behavioral perspective. Loyalty has been defined solely as a function of the frequency of purchase as a measure of market share.

Loyalty is explained by the frequency of repeated purchases or the value of purchases of the same brand (Tellis, 1988). Javalgi & Moberg (1997) define loyalty from the same behavioral perspective, based on the assessment of different quantitative indicators, such as the number of purchases made by the consumer from a given institution, frequency of purchase, date of last purchase, share, and value of the customer to the institution, the possibility to purchase a larger volume of products/services from the institution's offer, number of customers who have migrated to competitors.

Loyalty is an individual behavior that characterizes faithful people. A loyal person prefers stable long-term relationships (Reichheld, 1993), resisting external pressures such as competitors' offers, internal service deficiencies, and technical problems. Loyalty, like commitment, can therefore be seen as 'resistance to change' (Laaksonen, 1993). In this sense, loyalty is only revealed when environmental pressure attempts to change an individual's behavior (Mägi, 1999). A loyal customer becomes more lenient towards various shortcomings, defects, or limitations specific to the institution. The customer stays with a bank longer and uses its products/services because of a personal need rather than because of a promotional campaign run by the institution (Bélas & Gabčová, 2016).

Oliver (1997) states that loyalty is “A deep commitment to buy or support a preferred product/service repeatedly and consistently in the future, thereby generating repeat purchases of the same product type, even if situational influences and marketing efforts might cause a behavior change".

It's noted that researchers have distinguished between loyalty's psychological and behavioral meanings. Some see it simply as a repetition of purchasing behavior, some see it as the likelihood of recommending the product/service to others, and others see it as a mental state. Choosing a single perspective to look at loyalty - behavioral or attitudinal - covers only part of this concept. In the absence of an affective attitude, behavioral loyalty can be false, and in the absence of concrete manifestation, loyalty remains dormant. Some authors explored the psychological meaning of loyalty to distinguish it from behavioral definitions (i.e., repeated acquisition).

Further analysis needed to detect true loyalty to an institution or a brand requires researchers to assess consumer beliefs, affect, and intentions within the traditional consumer attitude structure. The existence of steadfast loyalty to an institution or a brand is only manifested if the consumer shows a clear preference at all stages of the decision-making process: (1) the evaluation (belief) of the attributes of the institution, the brand must be preferable to competitive offerings, (2) the "information" gained must coincide with an affective preference (attitude) towards the institution or the brand, and (3) the consumer must have the intention (conation) to purchase the brand over existing alternatives (Dick & Basu, 1994).

Oliver (1999) follows the same pattern of cognitive-affectation connection. However, he differs in that, from his point of view, consumers can become "loyal" to each behavior phase as the affective attitude develops. Specifically, consumers can become loyal first in a cognitive sense, then in an affective sense, "later in a conative manner, and finally in a behavioral manner", described as "inertia of action".

Loyalty is also explained as a combination of (psychological) attitude and behavior (Pritchard et al., 1999). Attitudinal loyalty derives from customer commitment and signifies an absolute, motivated dedication to a brand, in this case, a bank. On the other hand, behavioral meaning could be identified with a repeat purchase. Dubina et al. (2020) argue that repeat purchases are not necessarily a good indicator of loyalty, as a consumer may also repeatedly use the products/services of another bank while expecting the products/services of a financial institution to suit them in terms of price, service, and attitude. This behavior is based on current circumstances (customers buy the product that is most advantageous for them, regardless of the institution offering it).

Repeated behavior may also indicate false loyalty (Jones & Sasser, 1995). False loyalty can manifest under the impact of regulations that limit competition or the pressure of high costs that outweigh the benefits of ending the relationship with the bank. Customers who exhibit this type of false loyalty can be called "Convenience Loyalists". The customer stays with a bank for pragmatic reasons only, and even a single shortcoming in purchasing the product/service can cause the customer to change the bank. Dubina et al. (2020) state that a strong relationship of faith between the customer and the institution determines the true loyalty of the clients.

When a customer feels satisfied with an experience and develops a positive attitude towards a bank, there is hope that he/she will make repeated purchases in the future. Positive perceptions of service quality can bring satisfaction to the clients; for the development of a long-term relationship, the client's satisfaction is not enough; a close interaction between the customer and the bank is also necessary.

The deeper and closer the relationship becomes, the more willing both parties will be to trust each other. According to Stratigos (1999), a customer's likelihood to repeatedly use a service and his or her likelihood to promote and recommend a company and the services offered are indicators of loyalty.

Perceived service quality and customer satisfaction have been identified as critical factors for loyalty in banking and other service industries (Dick & Basu, 1994). Loyalty to service versus tangible products depends more on developing interpersonal relationships because person-to-person interactions are essential in service marketing (Crosby et al., 1990; Czepiel, 1990). Moreover, the influence of perceived customer risk is more significant in services, and loyalty may act as a barrier to customer termination behavior (Zeithaml, 1981).

In services, intangible attributes such as reliability and trustworthiness can significantly build and maintain loyalty (Dick & Basu, 1994; Mistrean, 2020).

The level of consumer involvement with the bank can vary considerably from case to case. Therefore, loyalty to the bank can continuously manifest itself with two valences: on the one hand, there can be true loyalty to the bank that involves repeated purchase behavior based on full commitment, and on the other hand, there can be a false loyalty to the bank, which implies that repeated visits to the bank are not based on any commitment. In this way, the customer's commitment to the bank can reveal different degrees of loyalty to the bank. Backman (1988) proposed the following classification to distinguish between different types of loyalty (Figure 1).

Customers fall into four categories. A loyal customer is a customer who has a high degree of repeated human behavior in connection with a high (positive) attitude toward the bank. A customer who exhibits the same level of human behavior but with a relatively low attitude toward the bank is falsely loyal (spurious loyalty) to the bank due to spontaneity or spur of the moment and is therefore not "truly" loyal. Customers who exhibit a low level of goodwill behavior repeatedly but with a high level of (positive) attitude are considered to be latently loyal. Customers demonstrating a low level on both parameters are considered disloyal.

It can be concluded that customer loyalty describes an ongoing emotional relationship between the financial-banking institution and its customers, manifested by the extent to which the customers are willing to commit and repeatedly buy from the institution, ignoring its competitors. Loyalty is the effect of a customer's positive experience with a particular financial-banking institution and the trust formed over time.

Customer loyalty results from a consistently satisfying experience that leads customers to favor one brand over others. Loyal customers usually remain loyal to a single brand because of the emotional bond they form with it and are willing to purchase products/services at higher prices.

Customer loyalty is a state that needs to be continuously cultivated on an ongoing basis. To achieve customer loyalty, institutions must provide superior value to their customers (Al-Hawary & Hussien, 2016; Jones & Sasser, 1995; Mistrean, 2021b; Reichheld, 1993) and more deeply engage customers in the existing relationship (Mistrean & Staver, 2022).

		Attitude (Psychological attachment)	
		Low	High
Behavior	Low	Low loyalty	Latent loyalty
	High	Spurious loyalty	High loyalty

Figure 1. Consumer loyalty matrix

4. Loyalty of Bank Customers

The bank-customer relationship is a continuous process of improvement and consolidation, which involves placing the customer at the center of the bank's concerns to ensure customer loyalty. Customer loyalty is perceived as the result of the action of a multitude of factors, some of which have a positive influence and contribute to maintaining and strengthening relationships. Factors influencing customer loyalty can be classified into two types:

- Factors contributing to the customer's willingness and readiness to continue the relationship with the financial institution, which are due to the high level of perceived satisfaction, the high quality of the financial-banking products/services purchased, the feeling of trust in the bank, and its employees, the commitment to the institution, the benefits perceived by the customer as a result of the relationship with the bank and which increase the value of the financial-banking products/services, the qualification and attitude of the staff, the transparency and flexibility of the banking activity, the favorable image of the institution on the market;
- Factors that, while inducing customer retention, are due to consumers' compulsion not to end their relationship with the financial institution in question, which uses various barriers to prevent customers from migrating to other banks, such as: legal obligations determined by contractual commitments, which lead to economic obligations; economic obligations generated from the application of various penalties (such as the commission charged by the bank on closing the current account, the commission paid by the debtor on early repayment of credit) or the loss of monetary rewards (withholding/cancellation of interest calculated in the event of early withdrawal of money from the deposit account).

All the constraints a financial and banking institution applies to retain customers can harm attitudinal and behavioral loyalty. These constraints may prevent customers from migrating to another bank and positively affect behavioral loyalty but adversely affect their attitudinal loyalty. Constraints, while not loyalty-inducing, positively affect customer retention, but only in the short term until such constraints can no longer be exercised. When these constraints disappear, customers, without an emotional bond, can permanently terminate the relationship with the bank. For this reason, banks should focus on factors that emphasize customer dedication (excellent service, individualized products/services), which can develop and strengthen bank-customer relations, forming the customer attachment to the institution, with a favorable impact on their behavior.

The existence of these two groups of factors influencing customer loyalty/retention shows that some customers maintain their relationships with a given financial institution out of their desire (satisfaction, quality, prestige). In contrast, the other part of customers is forced to remain customers. At the same time, several factors such as habit, indifference to which bank is in service, family influence, and friendly relations with employees do not have a positive influence on the customer's feelings toward the bank because, in these cases, the customer maintains the relationship out of inertia, habit or the convenience and not because of a high level of satisfaction or an exceptional experience.

Simultaneously, the influence of other elements can lead to a decrease in the level of behavioral loyalty of customers of financial-banking products/services (retention level) and the level of attitudinal loyalty. Customer migration to another bank can be driven by factors such as price (high prices, price increases), various inconveniences (location/schedule, waiting time for decision), failures and errors in the products/services purchased, lack of transparency in the decision-making process, competence, attitude of bank staff in interactions with customers (lack of concern, lack of courtesy, professional incompetence, irresponsibility), response to complaints (time, form, solutions), competition (identification of products/services that better meet needs and requirements), ethical issues (cheating, aggressive selling, insecurity, conflict of interest).

Banks often confuse customer inertia with loyalty. The two sides of customer loyalty, behavioral and attitudinal, depending on the level of intensity at which they manifest themselves, determine different forms or types of loyalty: cognitive loyalty, affective loyalty, conative loyalty, and action loyalty. Assigning customers' behavior to one of the types of the behavior-attitude scale will allow an understanding of the loyalty shown by customers and the measures to be taken to ensure complete customer loyalty.

Cognitive loyalty can be based on prior or indirect knowledge and recent information from personal experience (product performance level). However, this customer state can be superficial. In cases of routine transactions, satisfaction may not be perceived by the customer (e.g., transfer of salary to the account, cash withdrawal from the account), so customer loyalty is only superficial. If satisfaction is felt (e.g., taking out a mortgage or consumer loan, setting up a savings deposit), it becomes part of the customer's experience and takes on emotional overtones.

Affective loyalty results from developing a sense of pleasure or a positive attitude based on satisfying experiences. Commitment in this phase is called "affective loyalty" and is ciphered in customers' mind as effect and knowledge. While cognition is directly subject to counter-argument, the effect cannot be so easily dislodged/removed.

The loyalty exhibited is oriented towards a brand's affection (appreciation) degree. Similar to cognitive loyalty, this form of loyalty can quickly dissipate, as data shows that many customers who have migrated to other financial institutions were previously satisfied with the brand they used. It would be desirable for banks if their customers could be loyal to them at a deeper level of engagement.

Repeated episodes of positive brand affect influence conative loyalty (behavioral intention). The consumer wants to buy repeatedly, but like any "good intention", this desire may remain an anticipated but unrealized action. Therefore, this loyalty state contains a deep commitment that refers to the intention to buy products/services, more closely resembling a repeated motivation.

The loyalty of action. The study of the mechanism by which intentions are converted into actions is called "action control" (Kuhl & Beckmann, 1985). Thus, the motivated intention in the state of preceding loyalty is transformed into a willingness to act. The action control paradigm proposes that this is accompanied by an additional willingness to overcome obstacles (such as aggressive marketing by competitors) that might prevent the actual purchase. Action is seen as a necessary outcome of engaging both states. If this commitment is repeated, action inertia develops, thus facilitating repeat purchases.

A challenge for any bank is to understand the level of loyalty specific to each of its customers and to develop and implement programs that can address the gaps in loyalty development. Furthermore, to build long-term, mutually profitable, beneficial, healthy relationships, bank managers need to understand the link between retention and satisfaction and ways to interact to boost customer loyalty. Customer loyalty is genuinely an intangible concept. As we specified above, customer loyalty should be measured by attitude (psychological aspect) and behavior. In banking, the emerging standard for defining customer loyalty involves overall consumer satisfaction, willingness to purchase additional products/services repeatedly, and willingness to recommend the bank to others. In practice, banks measure customer loyalty differently. Larger banks conduct monthly customer surveys but limit themselves to representative samples of critical customers. Smaller banks tend to sample loyalty surveys quarterly, as measuring the attitudes and behaviors of all customers involved in loyalty programs every month would quickly consume limited research resources.

The post-customer study has demonstrated the need for research into many customer behavior issues. These issues involve the fundamental meaning of loyalty, affordability, and its link to the net investment returns institutions must make to ensure/sustain the success of loyalty programs. The main elements of customer loyalty are:

- Loyalty programs are always current, especially on issues of how to create them, how to assess loyalty levels, and the appropriate types of rewards;
- Measuring customer loyalty involves quantifying customer attitude and correcting customer behavior, which is quite tricky;
- Banks usually have the competence and ability to accurately measure the profitability of big customers (corporate customers) and rarely retail customers;
- A sophisticated loyalty program must be based on the concept of a fair exchange of value between partners - bank-customer;
- Loyalty programs must be centered on elements that reward both parties in a bank-customer relationship.

Customer loyalty remains an open issue in banking. In recent decades, banks have experimented on many programs and tactics to strengthen customer loyalty bonds with their institutions. The real challenges for them are designing programs that have a visible impact on customer loyalty, determining the appropriate level of rewards, and developing standards and metrics for measuring loyalty levels.

Banks' experiences in implementing product-oriented loyalty programs, such as those that reward customers for using a particular product/service, have successfully consolidated loyalty to particular products/services. However, these are not necessarily the most effective method of developing customer loyalty to banks. Banks wanting to build customer relationships beyond a single product/service must focus on relationship-oriented loyalty programs.

Contemporary banks fight for customer loyalty when they seem to have a classic "love/hate" relationship with their customers. Banks profess to love their customers and want to engender unquestioning loyalty in them. However, simultaneously, they want to terminate a relationship with specific customers due to extreme circumstances (such as non-compliance with contractual terms or conditions), raising prices, or changing basic agreements at will. Banks want to encourage the loyalty of some customers, but not all, since customers create different values for the institution (balance and flows on the current account, interest, or commission income).

This selectivity in building loyalty implies that banks can discern customer value and negotiate with valued customers professionally and efficiently to ensure a fair exchange between two partners (bank-customer). Hence the bank's actions combine generous product/service-specific loyalty efforts on the one hand and direct notifications to customers on the other regarding fee changes, opening/closing of branches (territorial subdivisions), or product/service changes.

Although banks struggle with developing, implementing, and measuring customer loyalty programs, there is little understanding among them about what behaviors drive customer loyalty and what actions they should take to encourage these behaviors. Thus, behavioral research should provide information on the following:

- Identify the proportion of customers who are inherently loyal, disloyal, or ambivalent, determine the factors that model their behavior (e.g., whether their expressed loyalty differs by type of product/service);
- Determine how the action-loyal state is achieved and whether it represents mere inertia or has a clear behavioral history;
- Identify the force that drives customers to act and whether it is a combination of adoration and commitment to the bank;
- Identify the transition mechanism between loyalty and force of action and how to move from one state of loyalty to another.

The financial institution's decision to invest in retaining and legalizing clients in its portfolio is based on the following criteria:

- The strategic importance of the customer for the institution. As a rule, financial institutions tend to prioritize retaining in their portfolios clients who are of the most significant strategic importance, such as those who have a high value throughout the relationship with the institution, clients who are bulk or frequent buyers, or market leaders;
- The costs of retaining big customers may increase considerably due to their demands for the financial institution to adapt its products/services according to their needs and requirements (e.g., shortening the decision period, reduction of the interest rate, reduction or cancellation of the fees charged by the bank for various services) and may thus negatively influence the attractiveness, considerably diminishing the strategic importance of these customers;
- Customer loyalty. In case of customers who show a high degree of loyalty, the supplier can invest little in their retention. Conversely, if several strategically essential customers do not show a high degree of commitment to the supplier's relationship and intend to consider offers from competing vendors, the supplier will need to devote significant resources to retaining customers and solidifying their loyalty;
- Recent customer attraction. Many institutions pay attention to retaining customers who have been recently attracted. Specialists estimated that the value of the customer over the lifetime of the relationship with the institution is higher for a recently attracted customer than for one who has been attracted for a more extended period. The increased interest in recent customers is motivated by the fact that they are more likely to leave another institution or to reduce the value of their purchases, as they have broken off relations with the in-service institution in the recent past for reasons of dissatisfaction;
- Customer share. Customer retention is more challenging to achieve if the customer is serviced by more than one bank simultaneously. The decision to retain a customer needs to consider several aspects: customer share, the value of the customer's purchases, the potential for increasing the customer's value, and the cost of maintaining the relationship with the customer.

Financial institutions are turning to loyalty and omnichannel engagement strategies to increase their market share, drive clients away from competitors and retain their most valuable customers. In the meantime, they are increasingly investing in loyalty programs because of the financial benefits offered to them (gain competitive advantages through omnichannel promotion, loyal customers spend and engage more, becoming brand advocates) and to customers (help improve the customer experience and increase customer satisfaction).

The banking domain in the Republic of Moldova uses various elements to increase the loyalty of customers of financial products/services in a transparent, fair, and flexible way, expressing the relationship of trust and respect between the financial institution and its customers. The elements that makeup loyalty programs refer to: gifts for various holidays (Christmas, New Year, Easter, appreciation days), invitations to events sponsored by financial institutions (shows, public events), joint loyalty programs with various retailers and other companies, and cash-back rewards.

However, to resuscitate interest and increase the confidence of their customers, financial institutions in the Republic of Moldova need to continuously strengthen, consolidate and diversify existing loyalty programs. In order to develop an emotional bond with customers, the bank needs to make its customers feel the care from the institution, that they are supported in their endeavors, and that they are helped when needed and rewarded for a good and lasting journey. To this end, financial-banking institutions propose programs to reward good-paying customers. Customers perceive reward programs differently. What appeals to one customer may not be of value to another. Possible rewards include different facilities on banking products/services, interest rate reduction, bonuses, service level guarantees, and third-party reward programs. A wide range of rewards is needed to ensure that all enrolled customers perceive value; a wide range of reward values ensures that the customer is rewarded based on the value of the bank-customer relationship.

Banks initiating or reviewing a customer loyalty program should closely consider incorporating an appropriate rewards system because banking involves a relationship with the customer, whether an individual or a business. The institution must accept that the relationship is a two-way street and that a customer will only maintain a relationship if it has value. Banks need to provide many potential rewards to promote and strengthen customer loyalty, as not all customers place the same value on the characteristics of a bank-customer relationship.

5. Discussion

Customer loyalty is a customer’s emotional connection with a particular financial institution, which makes him/her willing to engage and repeatedly buy products from the institution and not those from its competitors. Loyalty arises from customers' positive experience with a particular institution and is evidence of their trust in the services and products offered. Loyal customers are those who buy repeatedly and use what they buy, those who interact with the bank through various channels and are supporters of the institution, and those who are willing to recommend the bank to others and give positive proactive (and reactive) feedback.

In order to determine the current loyalty level of customers of financial banking products/services in the Republic of Moldova, the responses obtained from the survey conducted as part of the project "Behavioral developments of consumers of financial-banking services in the new economic configuration" mentioned in previous chapters were adopted. The questionnaire includes questions touching on several areas of interest to the project, one of which is the assessment of customer loyalty levels, the subject of this article.

After quantifying the number of respondents participated in the survey, a sample set of 363 customers of financial-banking products and services was obtained, all being customers of banks in the Republic of Moldova. The following indicators were considered for determining the respondents' status: age, gender, place of residence, place of work, education, occupation (to identify the primary source of income), and average monthly income.

The profiles of respondents have following characteristics (Table 1):

- 44.6%-aged up to 30; 36.6% - aged between 30-40; 11.0%-aged between 41 and 50; 6.9%-aged between 50 and 64; 0.9%-aged over 64;
- 68.3% of the respondents are female, and 31.7%-are male;
- 83.2%-living in an urban environment; 16.8%-living in rural areas;
- 92.3%-work in an urban environment; 7.7%-work in rural areas;
- 5.7% have secondary education; 7.7% have vocational education; 52.9% have a bachelor's degree; 29.8% have a master's degree; 3.9% have doctoral studies;
- 13.4% are pupils or students; 73.3% are employed full-time; 5.0% are part-time employees; 3.0% are self-employed; 0.8% are pensioners; 2.8% are not employed; 1.7% have work experience abroad;
- 8.7% have an average monthly income lower than 2000 lei; 12.4% have an average monthly income between 2001-5000 lei; 43.3% have an average monthly income between 5001-10000 lei; 25.1%-have an average monthly income between 10,001 and 20,000 lei; 9.1% - have an average monthly income between 20,001-50,000 lei; 1.4% have an average monthly income higher than 50,000 lei.

An eloquent picture of the level of customer loyalty to the bank is provided by the distribution of responses to the question "On average, how often do you contact your bank each month?" where respondents had to choose one of the 6 proposed frequencies: not at all; once a month; 2-4 times a month; 5-8 times a month; > 9 contacts; daily (Table 2).

The data presented in the table above shows that 73.55% of the customers participating in the survey contact the bank at least once a month and can be considered loyal to the bank according to the frequency of contact. These figures, however, do not fully reflect the loyalty levels of customers, as a large proportion of them show false loyalty, being in a relationship with the institution only because of the existence of contractual links imposed (such as the social security cards intended for the collection of pension or social payments, or the salary card).

In order to assess the actual level of loyalty, the factors that can influence customer attitude towards the bank should be determined and evaluated first. The interviewed customers were asked to answer the question, "How important are the following factors for your attitude towards the bank?" rating with numbers from 1 to 5 for each of the proposed factors (1-no importance; 2-minimum importance; 3-medium importance; 4-significant importance; 5-maximum importance).

Table 1. Status of survey participants

Age		Studies	
<30	44.6%	general knowledge	5.7%
30-40	36.6%	vocational education	7.7%
41-50	11.0%	Higher education: bachelor's degree	52.9%
50-64	6.9%	Higher education: master's degree	29.8%
>64	0.8%	Higher education: doctor's degree	3.9%
Place of residence		The workplace	
urban environment	83.2%	urban environment	92.3%
rural environment	16.8%	rural environment	7.7%
Average monthly income		Occupation (source of income)	
< 2000 lei	8.7%	pupil/student	13.4%
2001 - 5000 lei	12.4%	full-time employee	73.3%
5001 - 10000 lei	43.3%	part-time employee	5.0%
10001 - 20000 lei	25.1%	self-employed	3.0%
20001 - 50000 lei	9.1%	pensioner	0.8%
> 50000 lei	1.4%	contract worker	2.8%
		work abroad	1.7%
Sex/ Gender			
Male	31.7%		
Female	68.3%		

Note: This table was prepared by the author

Table 2. Distribution of respondents by frequency of bank access and gender

Frequency	Category				Total	
	Female		Male			
not at all	62	64.6%	34	35.4%	96	26.4%
once a month	69	68.3%	32	31.7%	101	27.8%
2-4 times a month	51	71.8%	20	28.2%	71	19.6%
5-8 times a month	14	63.6%	8	36.4%	22	6.1%
> 9 contacts	11	55.0%	9	45.0%	20	5.5%
Daily+	41	77.4%	12	22.6%	53	14.6%
Total	248	68.3%	115	31.7%	363	100.0%

Note: This table was prepared by the author

Table 3. Distribution of respondents according to the importance of factors influencing their attitude towards the bank

Factor	1	2	3	4	5	Total
Bank's reputation	8	9	47	103	196	363
Value for money of products/services offered	6	9	35	118	195	363
High quality of service	5	9	35	90	224	363
Staff qualifications and attitude	4	10	31	98	220	363
Operating speed	5	11	41	101	205	363
Transparency in everything I do	3	9	47	105	199	363
Wide range of services and flexibility, including remote servicing	6	8	45	93	211	363
Extensive branch network	4	20	65	96	178	363
Trust in bank staff	6	11	44	111	191	363
Contractual links	7	18	55	125	158	363
Friendly relations with certain bank employees	65	30	65	93	110	363
Habit	30	21	82	100	130	363
Lack of information about a bank offering better terms	27	35	92	110	99	363
Family influence	79	51	88	70	75	363
Bank location (branches, agencies, ATM, etc.)	17	21	61	107	157	363
It doesn't matter which bank I use - all banks have similar offers	76	61	91	71	64	363
Other reason						

Table 4. Distribution of respondents according to the importance of factors that lead them to establish medium and long-term relationships with the bank

Factor	1	2	3	4	5	Total
Product quality exceeded expectations	8	11	63	120	161	363
Value for money was above expectations	9	15	57	129	153	363
Positive financial result	7	9	56	124	167	363
To arouse an emotion of satisfaction, pleasure	12	15	71	117	148	363
Feel the need to recommend the product	15	25	70	111	142	363

In order to assess the level of customer loyalty, it is necessary to look at the reasons that lead customers to maintain a relationship with a particular financial institution or the factors that positively influence customers' increased willingness to engage in that relationship. After analyzing the factors influencing the attitude of customers towards banking products/services, it should be noted that some of them determine loyalty, while others only determine customer retention.

Customer loyalty based on free consent is underpinned by factors such as value for money of the products/services offered by the bank, high quality of service, staff qualifications and attitude, service variety and flexibility, including remote service, and the feeling of trust in bank staff. According to the research results, customers tend to maintain the relationship with the bank because of favorable attitudes or perceptions or constraining factors (legal and economic obligations) (see Table 3), this indicates that the factors with the most significant impact on customers' attitude towards the bank can lead to favorable attitudes or perceptions and long-term relationships.

After analyzing the responses of survey participants, it can be seen that the high quality of service was indicated by 61.71% of the respondents as the most critical factor influencing the attitude towards the bank, with another 24.79% considering it an important reason and only 0.1% considering it as a factor of no importance and 0.02% as a factor of minor importance.

Approximately the same level of importance in factors influencing consumer attitudes towards the bank is given to the qualifications and attitude of staff, with 60.11% of respondents considering it the most essential reason and another 27.0% considering it an important reason. In comparison, only 0.1% think it as unimportant and 0.03% as a factor of minor importance.

Other factors named by the respondents as having the highest importance on their attitude towards the bank are the service variety and flexibility (including remote servicing) with 58.1%, speed of operation with 56.47%, transparency in everything they do-54.82%, the bank's reputation-53.99%, the quality-price ratio of products/services offered - 53.72%, the widely developed branch network-49.04% and the bank's location (branches, agencies, ATM) with 43.25%.

Simultaneously, a considerable proportion of customers exhibit a form of behavioral loyalty out of coercion or inertia. The factors that drive this false loyalty, which generates customer retention, come from different sources.

Contractual links are a factor that originates from within the financial institution and is indicated by about 43.53% of the respondents as being the most important in influencing their attitude towards the bank, with another 34.44% considering it an important reason.

The existence of constraining factors (legal and economic obligations) determines a form of behavioral loyalty but can lead to a loss of profitable customers for the bank. At the same time, these constraints may be negated due to reasons such as expiry of contractual validity, and customers may be attracted by the offers of competitor banks. Internal, customer-related factors that determine retention or false loyalty (behavioral loyalty based on inertia) are habit, family influence, friendship with certain bank employees, and low levels of education.

It was indicated that habit has the most significant impact on their attitudes toward banking by 35.81% of respondents, and 27.55% said that habit is an essential factor in determining their consumption behavior. Friendship with bank employees is the most critical factor for 30.3% of respondents. Family influence is the maximum influence on the consumption decision for 20.66% of the surveyed customers.

At the same time, 17.62% of respondents said that it does not matter which bank they use - all banks have similar offers, which shows that most customers do think about the bank they want to establish a relationship and partnership with. The factor coming from the external environment is the insufficient differentiation of offers made by different banks, which causes a state of indifference as to which institution to choose. In particular, customers with a low level of financial education have difficulty choosing the product/service that best suits their needs and requirements from the roughly similar offers on the market.

Aggressive marketing by competing institutions (refinancing loans at a more favorable interest rate, or without charging different fees), the emerging of similar products/services on the market but with characteristics that are much more favorable for the customer (terms, interest rate, or different financial incentives offered by other competitors) have the power to shake customer out of inertia or habit and to induce him/her to migrate to another bank. The financial institution must take prompt actions (contractual review conditions, actively support the customer in all steps) to regain the customer's trust and commitment before he/she breaks off the relationship and migrates to another bank.

The customer's emotional attachment to the bank, which influences the level of customer loyalty, can be deduced by analyzing the answers to the question "Rate from 1 to 5 the importance of factors that would lead you to establish medium and long-term relationships with the bank" (1 - no importance; 2 - minimum importance; 3 - medium importance; 4 - significant importance; 5 - maximum importance) (Table 4).

The positive financial outcome is the most critical factor that urges customers to establish medium- and long-term relationships with the bank - 46.01% of respondents said this, and another 34.16% indicated it as a factor of significant importance. A product quality exceeding expectations is the second most crucial factor: 44.35% of customers surveyed said it is of maximum importance, and 33.06% said it is of significant importance in influencing customers' long-term relationships with the bank.

42.15% of respondents answered that value for money above expectations is the most critical factor that pushes them to establish medium and long-term relationships with the bank, 40.77% - arousing an emotion of satisfaction and pleasure, and only 39.12% feel the need to recommend the product to others.

Therefore, according to the information from the research, we observe that the level of customer loyalty is influenced by factors such as the attitude of the bank towards the customer and the level of trust towards the institution or its employees in securing the financial interests of customers.

Customers satisfied with the bank's products/services are those who have never complained about them and have probably bought from that bank many times. However, competitors can easily lure them away by offering a better price, a discount, or various additional facilities to help form a new relationship. Offers from other banks will not tempt loyal customers as they would choose to stay with the bank they trust and with whom they have developed an emotional bond.

6. Conclusions

With the increase in customers' demands and their selectivity regarding the choice of financial-banking services, banks are becoming increasingly concerned with maintaining their existing customers, which determines the need to know their trust in the institution and the factors influencing their consumption behavior. In order to increase customer trust and loyalty, banks need to combine their operating policies and procedures with a good understanding of customers, their real needs, and their business environment.

The first step is to identify customer satisfaction. To achieve more significant business growth, banks must improve consumer loyalty and offer a distinctive, exclusive experience that combines convenience, value, and service delivery to create an emotional connection with customers. The winners will be truly customer-centric financial institutions with a clear vision of strategic directions, fully aligned business processes, and IT infrastructure to ensure these goals are achieved and employees actively engage in the process.

The analysis concludes that satisfaction is necessary for forming loyalty but becomes less significant as loyalty takes hold through other mechanisms. These mechanisms need to be accounted for in current models, including the roles of personal determinism ("strength") and social connectedness at the institutional and personal levels. When these additional factors are considered, supreme loyalty combines perceived product superiority, personal strength, social ties, and synergistic effects.

Following the research conducted in this paper, conclusions were drawn below:

- in the case of financial/banking service provision, the quality of products/services could be the key to developing loyalty, as customers' contact with the bank is becoming increasingly rare, and the range of remote services is diversifying considerably;
- customer satisfaction or expressed dissatisfaction are indispensable ingredients in building trusting relationships;
- the beneficial functioning of a bank-customer relationship leads to improved customer attitudes, with the possibility of customer commitment to the financial institution;
- a commitment bias and repeat buying behavior, combined with resistance to change, contribute to the likelihood that the customer will become loyal to the institution.

The attitudes and behaviors that underpin customer loyalty change from one period to the next due to several factors, some of which have a positive effect in helping to maintain or even develop bank-customer relationships. In contrast, others can lead to disloyal behavior and a decline in loyalty based on behavioral attitudes. Therefore, the level of loyalty customers show toward financial-banking institutions will depend on the combined effect of all these factors present in any relationship, which differ in their relative importance and frequency.

To achieve their stated strategic goals, banks need to focus on a few actions in designing customer loyalty programs:

- figuring out behaviors and attitudes that indicate the highest level of loyalty and then measuring them regularly, and tracking results by customer segment;
- keeping product reserves from undermining the bank's efforts to build customer loyalty by ensuring that the entire relationship is recognized at all levels in the bank;

- calculating the profit contribution for each customer involved in a loyalty program so that the value of customers can be correlated with the value of rewards provided in the loyalty program;
- rewarding customer loyalty should be done according to customer priorities;
- determining the risks and realities of working with third parties or partners in loyalty programs.

The nature of modern banking is an argument for establishing programs based on partnership relationships. In addition to assisting in achieving cross-selling goals, a focus on partner relationships in loyalty programs demonstrates the actual value of a customer's total relationship with the bank, further helping to strengthen and establish long-term relationships.

The limits of this loyalty research are determined by a few aspects, such as:

- given that the opinion poll was conducted online, the questionnaire could be completed only by customers with skills in using online networks;
- the sincerity of the respondents regarding the aspects of bank-client relations is affected as people are increasingly afraid that anonymization might not be absolute;
- as the opinion poll covered several aspects regarding the behavior of banking customers and the bank-client relationship, the loyalty questions did not investigate the respondents' views on this issue in detail.

In the future, I intend to investigate in depth the factors that determine the effective loyalty of customers toward financial and banking institutions and the actions that banks can take to determine customers in establishing long-term relationships with the institution.

Data Availability

The data used to support the findings of this study are available from the corresponding author upon request.

Conflicts of Interest

The authors declare no conflict of interest.

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