

Exploring The Factors Influencing Customer Retention Through The Eyes Of Employees And Customers

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ABSTRACT

Customer retention stands as a cornerstone of business success, prompting organizations to explore multifaceted strategies to maintain a loyal clientele. This study takes a unique approach by examining the factors impacting customer retention through the perspectives of both employees and customers. Customer retention is a potentially beneficial strategy that banks may use to get a strategic advantage and sustain their operations in the current highly competitive banking landscape. This research has assessed the factors influencing customer retention and identified the key variables based on the viewpoints of both staff and consumers. A sample size of 125 clients from both public and commercial banks was selected for the purpose of this research.

Keywords: - Banking, Customer, Customer Retention, Employee, Relationship.

I. INTRODUCTION

Customer retention has become a crucial factor for achieving long-term success and gaining a competitive edge in the ever-changing banking industry. In light of dynamic market circumstances, technological progress, and shifting consumer tastes, financial institutions are increasingly recognizing the critical importance of maintaining a loyal client base. The complex nature of this difficulty is driven by a diverse range of

elements that together contribute to the drivers of client retention in the banking sector. The creation of trust is considered a fundamental aspect of client retention within the banking business. Trust serves as the fundamental foundation upon which enduring connections between clients and banks are established. In a period characterized by heightened financial intricacies and an expanding range of banking offerings, clients strive for reassurance about the dependability and openness of their financial institutions. Trust is fostered by the implementation of consistent and ethical procedures, open and transparent communication, and the prompt and effective resolution of problems. Financial institutions that place a high emphasis on and actively cultivate trust are more inclined to keep consumers who place importance on the security and dependability of their banking counterpart. Alongside trust, customer pleasure emerges as a significant factor influencing client retention within the banking industry. Customers who are satisfied are more likely to exhibit loyalty and maintain their banking connection for an extended duration. Customer satisfaction comprises more than just the supply of financial services. It includes the total customer experience, which incorporates factors such as accessibility, responsiveness, and the quality of interactions. Financial institutions that allocate resources towards improving the customer experience by implementing user-friendly digital interfaces, offering tailored services, and providing prompt support systems are more likely to maintain their customer base. The introduction of technology has significantly altered the banking industry, leading to a notable influence on client retention that should not be underestimated. The convergence of digital channels and cutting-edge technology has ushered in a new epoch of financial services. In contemporary business practices, there is an increasing need from customers for a streamlined and effective Omni channel experience, whereby they can effortlessly carry out transactions across several platforms. Banks that use technological advancements to address these changing expectations are more inclined to retain consumers who prioritize the adaptability and convenience provided by contemporary banking solutions.

The phenomenon of personalization is becoming recognized as a significant determinant of client retention within the banking industry. The increased discernment of clients and the diversification of their demands have led to a growing

appreciation for individualized banking services. Financial institutions that use data analytics to comprehend consumer preferences, anticipate their requirements, and provide customized solutions are more proficient in establishing enduring connections. Personalized services extend beyond the mere fulfillment of financial needs, as they exhibit a sophisticated comprehension of unique client experiences, therefore cultivating a profound feeling of loyalty and contentment that surpasses standardized offers. In a period characterized by increased recognition of societal and ecological concerns, the concept of corporate responsibility has emerged as a prominent factor influencing consumer loyalty within the banking industry. There is a growing trend among customers to choose banking institutions that correspond with their own beliefs, preferring to establish relationships with companies that demonstrate a strong dedication to social and environmental responsibility. Financial institutions that place a high emphasis on sustainability, ethical conduct, and active involvement in the community are more likely to establish a strong connection with clients who value responsible banking. This connection is expected to result in increased levels of loyalty and customer retention. The regulatory framework significantly influences the factors that contribute to client retention within the banking industry. Ensuring adherence to regulatory standards is not just a legal obligation, but also a crucial element in cultivating consumer confidence. Banks that exhibit a dedication to regulatory compliance convey to their clientele a prioritization of financial stability, security, and conformity to industry norms. In a context where safeguarding data and preserving privacy are of utmost importance, compliance with legislation pertaining to consumer data emerges as a crucial factor in establishing confidence and therefore ensuring customer loyalty. The significance of effective communication in client retention initiatives for banks cannot be overstated. The establishment of transparent and timely communication facilitates the development of a feeling of involvement and connection with clients. Banks that possess strong communication skills are more likely to retain clients, since they are able to effectively transmit policy changes, provide new products, and resolve consumer issues. Furthermore, engaging in active contact allows banks to demonstrate their dedication to prioritizing client needs, fostering a connection that extends beyond just transactional exchanges.

In addition to individual variables, the competitive environment also exerts influence on the formulation of client retention strategies within the banking industry. In light of the multitude of options available to clients, it is essential for banks to consistently evaluate and distinguish themselves from their rivals. The use of innovative product offerings, intelligent pricing strategies, and unique value propositions plays a crucial role in the acquisition and retention of consumers within a highly competitive business landscape. The comprehension of the distinct requirements of certain client groups and the synchronization of products with those requirements establishes a bank as a favored option, hence contributing to the improvement of customer retention. The factors influencing client retention in the banking sector are complex and diverse, indicative of the dynamic character of the business. The dynamics of customer retention are influenced by many key factors, including trust, customer happiness, technology, customization, corporate responsibility, regulatory compliance, effective communication, and competitive positioning. Banks that effectively manage and prioritize these variables are not only better positioned to maintain their client base, but also to flourish in a competitive environment that necessitates adaptation and a focus on consumer needs. In light of the ongoing evolution of the banking industry, it is essential to comprehend and effectively address the intricate dynamics among these factors in order to achieve long-term success and adaptability within a constantly shifting market.

II. REVIEW OF LITERATURE

Ali, Rizwan et al., (2022) The objective of the present research is to examine the role of customer satisfaction in mediating the relationship between service quality and corporate image, and its impact on customer loyalty within the banking industry of Pakistan. The study population comprises consumers of the banking industry, with a sample size of 210 participants. This research employs many statistical approaches, including SPSS, Correlation, ANOVA, and regression analysis, in addition to AMOS methodologies. The research findings indicate that there is no significant correlation between service quality and corporate image of banks with customer loyalty. However, it is plausible that customer loyalty may contribute to this link. This research demonstrates the need for banks to prioritize customer happiness in order to foster client loyalty. Customer

happiness is the only determinant of achieving CL. Hence, it is essential to develop the relationship between service quality, corporate image, and customer loyalty in order to boost customer satisfaction within the Pakistani banking industry.

Alkitbi, Salama et al., (2020) Several evaluation studies were conducted to provide important insights into the challenges surrounding customer retention and the aspects that might have a good and beneficial impact on it. This study conducts a systematic assessment and analysis of customer retention and its associated characteristics based on a selection of 30 research publications published between 2005 and 2019. The primary results indicate that service quality, contentment, trust, and dedication are the predominant elements influencing customer retention. Furthermore, a significant portion of the existing literature on customer retention has mostly concentrated on the banking sector, with subsequent attention given to research addressing difficulties within the retail business. Furthermore, the majority of the research that were carried out were performed in Indonesia, with Nigeria and India following suit. The present review study offers a comprehensive survey of existing research and analysis pertaining to customer retention and the many elements influencing it.

Auniel, Elizabeth & Mokaya, Dr. (2018). In the contemporary landscape of heightened competition, the preservation of customer loyalty has significant significance within the realm of banking strategies. This research aims to investigate the variables that influence customer retention in commercial banks, with a specific focus on Azania Bank in Arusha. The research used a case study methodology, in which data was gathered from a sample of 132 consumers via the administration of questionnaires, and interviews were performed with workers. The data that was gathered was subjected to analysis utilizing descriptive and inferential statistical methods, primarily including the calculation of frequencies, percentages, and means. The study included several statistical approaches, including a one-sample t-test, independent t-test, ANOVA, correlation analysis, and regression analysis, to investigate the associations among customer satisfaction, service quality, customer trust, customer commitment, switching barrier factors, and customer retention. The correlation findings indicate a favorable association between service delivery and customer

retention, similar to the connection seen between customer connections and customer retention. Hence, a significant proportion of the participants expressed their willingness to maintain their patronage of Azania Bank, citing the favorable manner in which services are rendered and the establishment of strong customer connections. Furthermore, the findings of the regression analysis indicate that certain factors have a major impact on customer retention. These factors include the level of respect shown by bank staff towards consumers, the availability of the newest electronic goods, the accessibility of banking services throughout the whole nation, the promptness of staff in responding to client queries, and the value placed on customer feedback. Hence, the findings of this research suggest a favorable association between service quality, service delivery, customer relationships, customer happiness, and customer retention.

Mahapatra, Satyanarayan & Kumar, Parveen. (2017). The primary objective of this research is to investigate the impact of various variables on customer retention in order to get a deeper understanding of its dynamics. A survey instrument, in the form of a structured questionnaire, was administered to a sample of individuals who are consumers of banking services. The distribution of the questionnaire was based on many demographic factors, including gender, age, marital status, education, occupation, and income level. The survey was conducted specifically inside the National Capital Territory. Data was effectively gathered from a sample of 500 participants who own either a savings account, a current account, or both. The opinions of the respondents about 20 issues pertaining to client retention were collected. The factors contributing to client retention were classified into four primary categories, namely tangible, dependability, responsiveness, and assurance and empathetic factors. Additional multiple regression analysis was used to assess the variables influencing customer retention and their effect on customers' choice to remain with a company. The results of the multiple regression analysis indicate that the variables 'Within Timeframe Service Delivery', 'Sincere Efforts in Solving Customer Problems', and 'Accepting & Resolving Faults' have a significant impact on consumers' desire to remain loyal to the company.

Abdullah, Moha et al., (2014) The continuing existence of retail banking globally relies heavily on client retention,

particularly in light of sector deregulation that has expanded consumers' options for meeting their financial requirements. As a result, several banks have adopted various techniques aimed at augmenting client happiness by improving service quality. This research investigated the factors influencing customer satisfaction in the retail banking sector in New Zealand. The study used a survey to gather data on customers' perceptions of service quality provided by banks. The analysis of the five aspects of service quality originally included an examination of their relationship with customer satisfaction via the use of the structural equation modeling approach. However, it was ultimately decided to focus on just three of these dimensions. The study identified three parameters that were deemed to be of substantial practical and statistical importance in assessing customer satisfaction within the retail banking sector. It is essential for banks to effectively address the fundamental, enabling, and relational dimensions of service quality in order to meet client expectations and maintain their loyalty.

Eid, Riyad et al., (2012) The present study aims to examine the relationship between image, perceived service quality, satisfaction, and customer retention within the context of the retail banking market in Malaysia. The data was collected via the use of a self-administered survey method, which included a convenience sample of 134 consumers from the retail banking sector in Malaysia. The findings indicate that there is a significant relationship between image and retention, which may be attributed to both direct and indirect effects mediated by satisfaction. Similarly, perceived service quality also exhibits an indirect relationship with retention, mediated by contentment. The study's findings suggest that customer pleasure alone does not serve as the only factor influencing customer retention within the retail banking industry. The findings of this study have important management implications, as they provide light on the interrelationships among the factors of client retention formation, namely image, quality, and satisfaction. Bank managers may use these insights to enhance their understanding of the dynamics involved in customer retention.

Anghel et al., (2009) This article provides an overview of the methodology and key findings from a quantitative research conducted on a sample of 1010 participants within the Romanian banking sector. The objective of this study was to

investigate the degree of customer loyalty towards Romanian firms operating in the retail banking industry. Based on previous studies conducted in the area, loyalty is a multifaceted concept that encompasses both psychological and behavioral elements. This assertion is further supported by the findings of the current study. According to the findings of the survey, it is evident that Romanian customers maintain their associations with banks as a result of a combination of favorable attitudes and positive motivations, which account for 46.36% of the overall retention motivations. Additionally, constraint factors or inertia contribute to the remaining 52.44% of the total retention motivations. Simultaneously, the findings demonstrate that customer loyalty is influenced not solely by satisfaction levels, but also by additional factors such as the bank's treatment of its customers, the level of trust customers have in the organization and its employees to safeguard their financial interests, and the degree of customer commitment. The primary factor influencing customer switching behavior is the significant degree of discontent with the banks' pricing policies, accounting for 58% of occurrences.

RESEARCH METHODOLOGY

The present study used a survey research approach. The survey research approach was selected because to its ability to monitor the sampled components and variables under study without any intentional control or manipulation.

Data Collection: The primary data collection was the use of self-designed questionnaires that were specifically tailored to determine the mean score of workers and consumers. These questionnaires used a 5-Point Likert Scale. In addition, secondary data was obtained from various sources such as internet websites, academic journals and e-journals, books and magazines, and research papers.

Sampling Technique: Purposive sampling approaches were used in order to achieve efficient coverage and cost reduction, hence facilitating the selection of participating respondents.

Sample Size: A sample of 125 consumers was chosen from the aforementioned groups.

III. DATA ANALYSIS AND ITERPRETATION

The categorization of these 13 characteristics was conducted with consideration of the descriptive statement in the literature study. These elements may be further categorized into three distinct classes. The primary components including the top five characteristics, namely responsiveness, pricing, security, service orientation, and loyalty programs, have significant importance in the assessment of client retention.

TABLE 1. Mean and Rank On Customers

SR. NO.	FACTORS	MEAN	RANK
01	Responsiveness	4.1	1st
02	Price	4.3	2nd
03	Security	4.0	3rd
04	Service Orientation	4.1	4th
05	Loyalty Program	3.8	5th
06	Customer Satisfaction	3.6	6th
07	Reliability	3.2	7th
08	Grievance Redressal System	3.1	8th
09	Corporate Image	3.3	9th
10	Physical Appearance	3.2	10th
11	Convenience	3.1	11th
12	Customer Engagement	3.0	12th
13	Customer Retention Strategies	3.1	13th

Customers have a certain level of expectation that their service demands and difficulties will be addressed in a timely and satisfactory manner. The establishment of equitable and competitive pricing strategies fosters enduring and mutually beneficial connections with clients over an extended period of time. The implementation of promotion and loyalty programs has a favorable influence on consumer purchasing behavior, resulting in the increase and retention of a bank's client base. The second category consists of customer happiness,

dependability, grievance redressal mechanism, corporate image, and physical attractiveness, which are significant elements for client retention.

The assessment of customer satisfaction plays a pivotal role in elucidating the factors that contribute to client attrition or retention within the banking industry. The provision of dependable and accurate service contributes to the establishment of trust and confidence among clients.

The corporate image and infrastructure of banks have a significant role in shaping favorable attitudes and perceptions among clients. The third category consists of convenience, customer engagement, and customer retention, which are comparatively less significant elements in the determination of client retention. The provision of convenient banking hours and clear departmental organization offers a high level of convenience to consumers. The distinguishing characteristics of personal engagement and polite conduct shown by workers are unique features that are not readily replicable by rivals.

IV. CONCLUSION

The capacity of the banking industry to maintain client loyalty is contingent upon a multifaceted interaction of several elements, including trust, customer happiness, technology integration, and customization, and corporate accountability, adherence to regulatory requirements, efficient communication, and competitive positioning. In the midst of ongoing changes within the sector, banks that effectively handle these factors are more likely to not only maintain their client base but also succeed in a competitive environment.

The future viability of banks is contingent upon their ability to comprehensively comprehend and effectively address the dynamic demands and expectations of their clientele, while exemplifying a steadfast dedication to ethical conduct, harnessing technological advancements, and cultivating durable relationships founded upon trust and contentment.

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