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CUSTOMER ATTRACTION AND RETENTION IN NIGERIAN BANKING SECTOR: AN EMPIRICAL INVESTIGATION

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ABSTRACT

Customer attraction and retention are undoubtedly critical to the success of any organization. In today's increasingly competitive banking environment, customer retention represents an essential element of banking strategy, just as customer attraction to a bank's products or services is often regarded as the key to organizational success and market relevance. This study surveyed 500 customers from ten selected banks in Edo and Delta States, Nigeria. The findings reveal a positive and statistically significant relationship between factors influencing customer attraction and those affecting customer retention ($\rho = .737$, $p < .01$). The results indicate that convenient location and branch network, speed of service, staff attitude and behavior, efficiency in complaint handling, and positive word-of-mouth represent the most influential factors affecting both attraction and retention. Therefore, banks should not only strive to achieve desired levels of customer retention but should also be strategically positioned to attract potential customers through comprehensive service quality enhancement and relationship management initiatives.

Keywords: Customer attraction, customer retention, banking services, service quality, customer satisfaction, Nigeria

Background to the Study

Customer attraction and retention are undoubtedly critical to the success of any organization. In today's increasingly competitive banking environment, customer retention represents an essential element of banking strategy, just as customer attraction to a bank's products or services is often regarded as the key to organizational success and market relevance. This study surveyed 500 customers from ten selected banks in Edo and Delta States, Nigeria. The findings reveal a positive and statistically significant relationship between factors influencing customer attraction and those affecting customer retention ($\rho = .737$, $p < .01$). The results indicate that convenient location and branch network, speed of service, staff attitude and behavior, efficiency in complaint handling, and positive word-of-mouth represent the most influential factors affecting both attraction and retention. Therefore, banks should not only strive to achieve desired levels of customer retention but should also be strategically positioned to attract potential customers through comprehensive service quality enhancement and relationship management initiatives.

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Introduction

Background to the Study

The loss of customers to competing banks remains a significant concern for bank executives worldwide. Understanding the underlying reasons why customers switch banks enables these executives to formulate effective customer retention and acquisition strategies. In recent years, Nigerian banks have experienced unprecedented competitive pressures, prompting a flurry of consolidation activities. Mergers, acquisitions, and the strategic adoption of technology have been implemented in tandem with rising customer demands, all aimed at improving service delivery and operational efficiency (Ovia, 2017).

While merging bank operations effectively reduces operational expenses and creates additional revenue opportunities, the fundamental challenge for the banking industry lies in sustaining revenue growth over the long term. This is where banks increasingly recognize that in today's discerning society, customers will continue purchasing financial services only to the extent that these services deliver tangible value and superior experiences (Yusuf & Alhaji, 2020).

The quest for service quality has become an essential strategic component for firms attempting to succeed and survive in today's fiercely competitive environment (Parasuraman et al., 2018). Financial liberalization and technological revolution have facilitated the development of new and more efficient delivery channels, processing systems, and innovative products and services within the banking industry (Ozuru et al., 2021). Banking institutions now face competition not only from each other but also from non-bank financial intermediaries, including capital market operators, fintech companies, and mobile money providers.

Another strategic challenge confronting the banking industry involves the growing and evolving needs and expectations of consumers, driven by increased education levels and growing wealth accumulation. Consequently, consumers are becoming more involved in their financial decisions, demanding a broader range of products and services at competitive prices through more efficient and convenient channels (Ibrahim & Bakar, 2019).

Statement of the Problem

The dramatic increase in competition among banks has placed renewed emphasis on the value of customer attraction and retention. The cost of acquiring new customers continues to escalate as competition forces providers to offer increasingly attractive incentives, encouraging customers to switch between service providers and preventing banks from recovering their acquisition costs (Ahmed et al., 2018). There is considerable evidence that recruiting new customers is substantially more expensive than retaining existing ones.

It becomes imperative for banks to determine which customers are likely to defect and which ones they wish to retain, enabling them to implement necessary interventions to change customer intentions. However, predicting which customers are likely to leave and designing cost-effective strategies to persuade them to stay represent extremely difficult undertakings. Such projects require organizing and analyzing substantial volumes of data that are often difficult to access and consolidate (Verma & Sharma, 2016).

To compete successfully in today's marketplace, banks must focus on understanding the needs, attitudes, and behavioral patterns of their target markets (Saleem et al., 2017). Customers evaluate numerous criteria when selecting a bank. If Nigerian banks are to remain relevant and competitive in meeting the banking needs of their customers, they need comprehensive knowledge of what attracts and retains their clientele. Addressing this knowledge gap will undoubtedly assist banks in not only attracting new customers but also retaining existing ones, thereby ensuring sustainable competitive advantage.

Objectives of the Study

This study is specifically designed to achieve the following objectives:

1. To identify and analyze factors and their level of influence on customer attraction and customer retention within Nigerian banks
2. To ascertain whether a positive relationship exists between the level of influence on customer attraction and customer retention in Nigerian banks
3. To provide evidence-based recommendations for enhancing customer attraction and retention strategies in the Nigerian banking sector

Research Hypothesis

For the purpose of this study, the following hypothesis, stated in null form, was tested:
H_0: There is no positive relationship between the level of influence of factors on customer attraction and customer retention in Nigerian banks.
H_1: There is a positive relationship between the level of influence of factors on customer attraction and customer retention in Nigerian banks.

Scope of the Study

This study specifically investigates the factors influencing customers' attraction to banks and those that influence their level of retention with these institutions. Geographically, the study is limited to bank customers in Benin City and Warri metropolis in Edo and Delta States, respectively. The study examines customer perceptions across ten major commercial banks operating in these locations.

Significance of the Study

The banking sector plays a crucial role in economic growth and development in any economy. The Nigerian economy is certainly no exception, particularly during this critical stage of developmental efforts and economic reform programs. This represents a challenging period for banks, necessitating responsive and effective approaches to meeting customer needs.

Therefore, accurate identification of factors and their level of influence on customer attraction and retention will enable bank managers to establish priorities regarding areas for improvement. This knowledge will enhance customer attraction and retention strategies in ways that positively influence behavioral outcomes such as repeat purchases, cross-selling of banking products and services, and positive word-of-mouth recommendations. Furthermore, the study contributes to the academic literature on relationship marketing and customer behavior in emerging market contexts, providing insights that may be applicable to other developing economies facing similar competitive dynamics.

Literature Review

Conceptual Framework

Customer Attraction

Customer attraction refers to a bank's strategic initiatives and tactical approaches aimed at appealing to prospects and persuading them to approach the institution for financial services. In essence, it describes the bank's likeability or the quality of being attractive to potential customers (Kotler & Keller, 2022). Today's customers have more choices for addressing their financial needs than ever before. Technology, increased competition, and enhanced consumer mobility have dramatically transformed the way people conduct their banking activities (Shankar & Jebarajakirthy, 2019).

Many financial institutions are increasingly employing branding techniques to differentiate themselves in crowded marketplaces. Consequently, it is critical that banks possess comprehensive knowledge of customers' values, attitudes, needs, and perceptions regarding various services offered, as well as the image that customers hold of the bank itself (Mbama & Ezepue, 2018). These factors significantly influence customer attraction to a particular bank.

In businesses where underlying products have become commodity-like, service quality depends heavily on the quality of personnel. Leeds (1992) documented that approximately 40 percent of customers switch banks due to what they perceive as poor service quality. The converse is true for banks with perceived high service quality. Leeds further argued that nearly three-quarters of bank customers mentioned teller courtesy as a primary consideration when choosing a bank a finding that remains relevant in contemporary banking environments (Kashif et al., 2016).

Moreover, Parasuraman et al. (2018) argued that service quality attributes of search, experience, and credence are utilized by customers to evaluate service quality. It cannot be overemphasized that search attributes, such as physical facilities, appearance of personnel, and the bank's reputation, considerably influence prospects' decisions to approach a bank. Modern branch designs based on personal touch and customer-friendly layouts are also essential in attracting customers to visit a bank and return frequently (Morgan et al., 2021).

Banks seeking to expand their profits and customer base must invest considerable time and resources in searching for new customers. To generate quality leads, banks must develop effective advertising campaigns and place them in media channels that will reach new prospects. Additionally, they must employ skilled and well-motivated sales forces, maintain attractive and welcoming environments, establish locations in accessible areas, and deliver cutting-edge service quality (Hanif & Hafeez, 2019).

Customer Retention in Financial Institutions

Customer retention connotes a bank's efforts at maintaining and optimizing customer loyalty over extended periods. Retention represents an essential element of banking strategy in today's increasingly competitive environment (Kumar & Reinartz, 2018). Bank management must identify and improve upon factors that can limit customer defection. These factors include employee performance and personnel willingness to solve problems, friendliness, and level of knowledge, communication skills, and selling skills, among others. Furthermore, customer retention can be enhanced through strategic adjustments in a bank's interest rates, policies, and branch locations (Ahmad & Buttle, 2018).

Clearly, compelling arguments exist for bank management to carefully consider factors that might increase retention rates. Several recent studies have emphasized the significance of customer retention in the banking industry (Mensah & Mensah, 2018; Rizan et al., 2020; Al-Dmour et al., 2021). Previous research has identified substantial benefits that customer retention delivers to organizations. For instance, the longer a customer remains with an organization, the greater utility the customer generates for the institution (Ahmed et al., 2018). This phenomenon results from several factors relating to the duration of the customer relationship, including the higher initial costs of introducing and attracting new customers, increases in both the value and number of purchases, the customer's improved understanding of the organization's offerings, and positive word-of-mouth promotion.

Beyond the benefits associated with customer longevity, research findings consistently suggest that the costs of customer retention activities are considerably less than the costs of acquiring new customers. For example, Ahmad and Buttle (2018) argue that the financial implications of attracting new customers may be five to seven times as costly as retaining existing customers. However, maintaining high levels of satisfaction does not, by itself, ensure customer retention. Banks inevitably lose satisfied customers who have relocated, retired, or no longer require certain services, making proactive retention strategies essential (Kitapci et al., 2020).

Conversely, Beckett et al. (2000) drew tentative conclusions regarding why customers appear to remain loyal to the same financial provider, even when they hold less favorable views toward these service providers. First, many consumers perceive little differentiation between financial services providers, rendering any change essentially worthless. Second, consumers appear to be motivated by convenience and inertia. Third, consumers associate changing banks with high switching costs in terms of the potential sacrifice and effort involved (Sharma & Prashar, 2023).

Reasons Customers Switch Banks

Based on eight established categories of customer switching behavior—namely pricing, inconvenience, core service failures, service encounter failures, employees' responses to service failure, attraction by competitors, ethical problems, and involuntary incidents—reasons for customer brand switching can be grouped into three principal categories: utility maximization, expectation disconfirmation, and stochastic reasons (Colgate & Hedge, 2001; Keaveney, 2015).

Utility Maximization Reasons: Utility maximization presumes that consumers are consistently searching for superior value, and when they successfully identify it, they will switch brands. For instance, if another financial service provider offers lower fees and charges than their current provider, a switch may occur. Recent studies have found pricing adjustments and competitive offerings to be important reasons for bank switching in various geographical contexts (Agyapong et al., 2018; Kumar et al., 2020).

Expectation Disconfirmation Reasons: Expectation disconfirmation has been advanced as a substantial cause of brand switching. In this paradigm, consumers evaluate consumption experiences and make satisfaction decisions by comparing perceived performance with consumption standards or expectations (Rather, 2020). For example, if service levels provided by a bank branch fail to meet customer expectations, brand switching may occur. Service quality gaps represent significant drivers of customer defection in banking contexts (Mbama et al., 2018).

Stochastic Reasons: If a brand switch occurs "as-if-random"—that is, for primarily stochastic reasons—then the switch is beyond the direct control of the service provider (Bass, 1974). For instance, the switch may have occurred because customers have relocated to areas where their current financial service provider does not maintain branch presence, or due to life stage transitions such as marriage, retirement, or changes in employment status (Chahal & Dutta, 2021).

Theoretical Framework

Relationship Marketing Theory

Relationship marketing theory provides a foundational framework for understanding customer attraction and retention. This theory emphasizes building long-term relationships with customers rather than focusing solely on individual transactions (Grönroos, 2017). The theory posits that organizations that successfully develop strong relationships with customers achieve competitive advantages through increased customer loyalty, positive word-of-mouth, and reduced price sensitivity (Palmatier et al., 2021).

In banking contexts, relationship marketing involves creating value through personalized services, consistent communication, trust-building, and commitment to customer satisfaction. Banks that embrace relationship marketing principles demonstrate higher customer retention rates and enhanced profitability compared to those adopting transactional approaches (Ndubisi, 2020).

Service Quality Theory

The service quality model, particularly the SERVQUAL framework developed by Parasuraman, Zeithaml, and Berry, provides another crucial theoretical foundation. This model identifies five dimensions of service quality: tangibles (physical facilities and equipment), reliability (ability to perform promised service dependably), responsiveness (willingness to help customers), assurance (knowledge and courtesy of employees), and empathy (caring, individualized attention) (Parasuraman et al., 2018).

Research consistently demonstrates that superior service quality positively influences customer satisfaction, which in turn affects customer retention and loyalty. In banking contexts, service quality represents a critical determinant of competitive positioning and market success (Amin, 2016; Kaura et al., 2015).

Customer Satisfaction Theory

Customer satisfaction theory, rooted in expectancy-disconfirmation paradigm, suggests that satisfaction results from a comparison between expected and perceived performance (Oliver, 2020). When perceived performance exceeds expectations, positive disconfirmation occurs, leading to satisfaction. Conversely, when performance falls short of expectations, negative disconfirmation results in dissatisfaction.

In banking, customer satisfaction serves as a crucial mediator between service quality and behavioral intentions such as retention and positive word-of-mouth. Satisfied customers are more likely to remain loyal, purchase additional services, and recommend the bank to others (Kumar & Sharma, 2023).

Empirical Literature Review

Service Quality and Customer Attraction

Recent empirical studies have extensively examined the relationship between service quality and customer attraction in banking contexts. Amin (2016) investigated Islamic banks in Malaysia and found that service quality dimensions significantly influenced customer attraction, with reliability and assurance emerging as the most critical factors. The study revealed that customers were primarily attracted to banks demonstrating consistent service delivery and competent personnel.

Similarly, Mbama and Ezepue (2018) examined digital banking channels in the UK and found that technological service quality significantly influenced customer attraction, particularly among younger demographics. The study emphasized the importance of user-friendly interfaces, security features, and seamless transaction processes in attracting digitally-savvy customers. This finding aligns with the growing importance of digital transformation in banking (Nguyen et al., 2020).

Shankar and Jebarajakirthy (2019) conducted a comprehensive meta-analysis of 124 studies examining service quality effects on customer outcomes. Their findings confirmed that service quality consistently and positively influences customer attraction across various banking contexts and geographical regions. However, the study also revealed that the relative importance of specific service quality dimensions varies across cultures, suggesting the need for context-specific strategies.

In the African context, Agyapong et al. (2018) studied Ghanaian banks and found that branch network accessibility, staff competence, and technological infrastructure significantly influenced customer attraction. The study highlighted unique challenges in emerging markets, including infrastructure limitations and varying levels of financial literacy, which moderate the relationship between service quality and customer attraction.

Factors Influencing Customer Retention

Extensive research has identified multiple factors influencing customer retention in banking. Rizan et al. (2020) examined Indonesian banking customers and found that service quality, customer satisfaction, and trust collectively explained 67% of variance in customer retention. The study revealed that trust served as a critical mediator, suggesting that banks must not only deliver quality services but also build confidence in their reliability and integrity.

Al-Dmour et al. (2021) investigated Jordanian banks and identified relationship quality as a crucial determinant of customer retention. The study found that relationship quality, comprising trust, commitment, and communication quality, significantly predicted retention intentions. Banks demonstrating genuine concern for customer welfare and maintaining open communication channels achieved substantially higher retention rates.

Mensah and Mensah (2018) examined customer retention determinants in Ghanaian banking and found that complaint handling effectiveness emerged as a particularly critical factor. Customers who experienced satisfactory complaint resolution demonstrated significantly higher retention rates compared to those whose complaints were poorly handled or ignored. This finding underscores the importance of service recovery in maintaining long-term customer relationships.

Kumar et al. (2020) studied Indian banking customers and found that switching costs, both financial and psychological, significantly influenced retention decisions. Customers perceiving high switching costs were more likely to remain with their current banks even when moderately dissatisfied. However, the study cautioned that relying on switching barriers represents a short-term strategy, as extremely dissatisfied customers eventually overcome these barriers.

Digital Banking and Customer Behavior

The rapid digitalization of banking services has fundamentally transformed customer attraction and retention dynamics. Nguyen et al. (2020) examined Vietnamese banking customers' adoption of digital banking and found that perceived ease of use, usefulness, and security significantly influenced both attraction and continued usage intentions. The study revealed that banks effectively implementing digital solutions achieved competitive advantages in attracting tech-savvy customers.

Morgan et al. (2021) investigated UK banking customers and found that Omni channel service integration seamless coordination between physical branches and digital platforms significantly enhanced both customer attraction and retention. Customers valued the flexibility to initiate transactions on one channel and complete them on another, suggesting that successful banks must excel across multiple touchpoints rather than focusing exclusively on either physical or digital channels.

Ozuru et al. (2021) examined Nigerian banks' digital transformation efforts and found that while digital banking capabilities enhanced service efficiency, their impact on customer retention depended on complementary factors such as staff competence in assisting with digital services and robust technical support. This finding suggests that technology alone is insufficient; human elements remain critical in maximizing digital banking benefits.

Service Recovery and Customer Retention

Service recovery organizational responses to service failures—has emerged as a critical factor influencing customer retention. Kashif et al. (2016) examined Pakistani banking customers and found that effective service recovery could transform dissatisfied customers into loyal advocates. The study identified four critical elements of successful recovery: quick response, fair compensation, sincere apology, and prevention of recurrence.

Kitapci et al. (2020) conducted a comprehensive study across Turkish banking customers and found that service recovery satisfaction actually predicted retention more strongly than general service satisfaction. Customers who experienced effective recovery developed stronger relationships with their banks compared to customers who never experienced service failures. This "service recovery paradox" highlights the strategic importance of effective complaint handling systems.

Comparative Studies on Attraction versus Retention Factors

Several studies have explicitly compared factors influencing customer attraction versus retention. Chahal and Dutta (2021) investigated Indian banking customers and found significant overlap but also notable differences. While service quality influenced both attraction and retention, factors such as trust and switching costs proved more critical for retention than attraction. Conversely, promotional activities and word-of-mouth recommendations more strongly influenced attraction than retention.

Sharma and Prashar (2023) examined the temporal dynamics of factor importance and found that factors influencing initial attraction (such as promotional offers and physical appearance) decline in importance over time, while relationship-based factors (such as trust, personalized service, and emotional attachment) increase in significance. This finding suggests that banks must employ different strategies for attracting new customers versus retaining existing ones.

Emerging Market Contexts

Research in emerging markets reveals unique patterns and challenges. Yusuf and Alhaji (2020) studied Nigerian banking customers and identified infrastructure challenges, security concerns, and varying financial literacy levels as contextual factors moderating relationships between service quality and customer outcomes. The study found that customers in emerging markets placed relatively greater emphasis on basic service reliability and security compared to customers in developed markets who prioritized convenience and innovation.

Ibrahim and Bakar (2019) examined Malaysian Islamic banking customers and found that Sharia compliance and ethical practices significantly influenced both attraction and retention beyond conventional service quality factors. This finding highlights the importance of understanding culturally specific values and expectations when developing customer management strategies.

Saleem et al. (2017) investigated Pakistani banking customers and found that personal relationships with bank staff remained critically important despite increasing digitalization. Customers valued personalized attention and human interaction, suggesting that technology should complement rather than replace human touchpoints, particularly in relationship-oriented cultures.

Recent Developments and COVID-19 Impact

The COVID-19 pandemic has significantly influenced banking customer behavior and expectations. Recent studies have examined how pandemic-related disruptions affected customer attraction and retention. Rather (2020) found that banks successfully adapting to pandemic constraints through robust digital infrastructure and empathetic communication maintained higher retention rates compared to those struggling with service continuity.

Kumar and Sharma (2023) examined post-pandemic banking customer expectations and found permanent shifts toward digital preferences, even among traditionally branch-dependent demographics. However, the study also identified increased expectations for responsive customer service and flexible policies, suggesting that successful banks must balance efficiency with empathy in the new normal.

Research Gap

While existing literature extensively examines customer attraction and retention independently, fewer studies have systematically compared factors influencing both outcomes within the same context. Additionally, most studies focus on developed market contexts, with limited attention to emerging markets like Nigeria, where unique economic, infrastructural, and cultural factors may produce different patterns. This study addresses these gaps by simultaneously examining factors influencing both customer attraction and retention among Nigerian banking customers, thereby providing insights into whether banks should employ unified or differentiated strategies for these distinct but related objectives.

Methodology

Research Design

This study employed a descriptive survey research design to investigate factors influencing customer attraction and retention in Nigerian banks. The descriptive approach was deemed appropriate as it enables researchers to describe characteristics of populations or phenomena and establish relationships between variables without manipulating them (Creswell & Creswell, 2018).

Population and Sample

The target population comprised bank customers in Benin City and Warri metropolis in Edo and Delta States, respectively. Given the impracticality of reaching all bank customers in these locations, a convenience sampling technique was employed to select 500 customers from ten major commercial banks: UBA, Union Bank, GTBank, Intercontinental Bank, Bank PHB, First Bank, Oceanic Bank, Unity Bank, Skye Bank, and Zenith Bank. Fifty customers from each bank were interviewed, ensuring proportional representation across institutions.

While convenience sampling offers practical advantages in terms of accessibility and cost-effectiveness, the study acknowledges potential limitations regarding generalizability. However, the substantial sample size and diversity of banks included enhance the representativeness of findings (Etikan et al., 2016).

Research Instrument

A structured questionnaire comprising both closed-ended and open-ended questions served as the primary data collection instrument. The questionnaire contained two main sections using Likert-format statements on a five-point scale. The Likert scale ranged from "to a very large extent" (5) to "to a very little extent" (1), enabling respondents to indicate the degree to which various factors influenced their banking decisions.

The questionnaire was designed based on extensive literature review and included items measuring seventeen factors potentially influencing customer attraction and retention: bank image, service rate, service quality, convenient location and branch network, physical appearance, access to electronic transactions, customer relations, range of services offered, staff attitude and behavior, stock performance, provision of incentives, complaint handling efficiency, rewards and benefits, responsiveness to changing needs, word-of-mouth, credit options, and speed of service.

Before full-scale distribution, the questionnaire was pre-tested with 30 customers to ensure clarity, comprehensibility, and reliability. Minor modifications were made based on pre-test feedback to enhance instrument quality.

Data Collection Procedure

Questionnaires were distributed to 500 bank customers across the ten selected banks. Distribution occurred at branch premises with permission from bank management. Trained research assistants explained the study's purpose to potential respondents and assured them of confidentiality and anonymity. All 500 questionnaires were returned, yielding a 100% response rate. However, not all respondents answered every question, resulting in minor variations in response numbers across items.

Data Analysis Techniques

Collected data were coded and analyzed using Statistical Package for Social Sciences (SPSS) version 25. The analysis employed both descriptive and inferential statistics:

Descriptive Statistics: Frequency distributions, percentages, means, and standard deviations were computed to describe respondent characteristics and factor importance levels.

Importance Index Calculation: Mean scores for each factor were calculated and used to rank factors according to their level of influence on customer attraction and retention.

Hypothesis Testing: Spearman's Rank Correlation Coefficient (ρ) was employed to test the research hypothesis regarding the relationship between factors influencing customer attraction and those influencing retention. Spearman's correlation was selected due to its appropriateness for ordinal data and ranked variables (Field, 2018).

Data Analysis and Discussion of Findings

Customer Banking Duration

This section presents customers' responses regarding their relationship duration with their current banks. Table 4.1 reveals that the majority of respondents (36.4%, n=182) have maintained banking relationships with their current banks for 3 to 4 years, followed by those banking for 2 to 3 years (19.4%, n=97). Notably, only 18.8% (n=94) have maintained relationships for 5 to 15 years, suggesting relatively high customer mobility within the Nigerian banking sector.

Table 4.1: Customer Banking Duration with Current Banks

Number of Years	Frequency	Percentage
1 – 2 years	41	8.2%
2 – 3 years	97	19.4%
3 – 4 years	182	36.4%
4 – 5 years	86	17.2%
5 – 15 years	94	18.8%
TOTAL	500	100%

These findings reveal concerning patterns regarding customer loyalty in Nigerian banking. The concentration of customers in the 3-4 year range suggests that while banks successfully attract customers, sustaining long-term relationships beyond this period presents significant challenges. The relatively small proportion of long-term customers (5-15 years: 18.8%) indicates high attrition rates and suggests that many customers either switch banks or hold multiple banking relationships simultaneously.

Furthermore, the study reveals that 82.2% (n=411) of respondents indicated intentions to try other banks in the near future, compared to only 17.8% (n=89) intending to remain with their current banks. This finding is particularly alarming, indicating substantial vulnerability in customer retention even among current customers. This pattern aligns with recent research suggesting that customer loyalty in emerging market banking remains fragile, influenced by competitive promotional offers and service quality inconsistencies (Yusuf & Alhaji, 2020).

Factors Influencing Customer Retention

Table 4.2 presents comprehensive data on factors and their level of influence on customers' decisions to continue doing business with their respective banks. The table includes response distributions across the five-point Likert scale, mean scores, and standard deviations for seventeen factors.

Table 4.2: Factors and Their Level of Influence on Customer Retention

Factors	To a very large extent (%)	To a large extent (%)	To a fairly large extent (%)	To a little extent (%)	To a very little extent (%)	Mean	Std Deviation
1. Bank Image	23.0	18.8	42.4	14.8	1.0	3.91	1.135
2. Service Rate	5.6	24.2	51.4	18.4	0.4	4.21	0.958
3. Service Quality	43.1	21.3	29.6	6.3	0.8	4.03	1.033
4. Convenient Location & Branch Network	65.4	23.4	11.2	0.0	0.0	4.60	0.631
5. Physical Appearance	8.4	15.7	21.3	40.4	14.3	3.71	1.345
6. Access to Electronic Transactions	25.4	40.0	23.0	10.0	1.6	3.92	1.082
7. Good Customer Relations	42.2	14.2	16.4	0.8	0.4	4.23	0.762
8. Range of Services Offered	23.0	19.6	40.3	12.6	4.4	3.82	1.213
9. Attitude & Behavior of Contact Employees	57.6	39.8	2.2	0.4	0.0	4.55	0.563
10. Stock Performance	23.6	15.4	21.8	24.6	14.6	3.28	1.374
11. Provision of Incentives	12.8	23.8	42.8	19.6	1.0	3.95	1.107
12. Efficiency in Handling Complaints	50.2	35.8	13.0	1.0	0.0	4.39	0.771
13. Offering Rewards & Benefits	9.4	13.6	31.5	20.0	25.3	3.80	1.098
14. Bank Responsiveness to Changing Needs	22.2	13.7	41.0	22.4	1.2	3.89	1.122
15. Positive Word-of-Mouth	44.0	43.7	11.2	0.8	0.2	4.31	0.714
16. Good Credit Options	8.9	23.5	11.9	7.4	48.3	4.55	0.699
17. Speed of Service	63.6	29.3	4.8	2.4	0.0	4.16	0.858

Analysis of Table 4.2 reveals that the five factors exerting the highest level of influence on customer retention are:
Convenient Location and Branch Network (M = 4.60, SD = 0.631): This factor emerged as the most influential, with 88.8% of respondents indicating it influenced their retention "to a very large extent" or "to a large extent." The low standard deviation suggests strong consensus among respondents regarding this factor's importance.

Attitude and Behavior of Contact Employees (M = 4.55, SD = 0.563): Staff attitude ranked second, with 97.4% of respondents rating it as highly influential. This finding underscores the critical role of human interaction in service delivery and customer retention.

Good Credit Options (M = 4.55, SD = 0.699): Tied for second position, access to favorable credit facilities significantly influences customer retention decisions, reflecting customers' desire for financial flexibility and support.

Efficiency in Handling Complaints (M = 4.39, SD = 0.771): Effective complaint resolution emerged as the fourth most influential factor, with 86% of respondents rating it highly. This finding highlights the importance of service recovery in maintaining customer relationships.

Positive Word-of-Mouth (M = 4.31, SD = 0.714): Recommendations from other customers ranked fifth, suggesting that social proof and peer opinions significantly influence retention decisions.

Conversely, the factors with the least influence on customer retention were:
Stock Performance (M = 3.28, SD = 1.374): This factor showed the lowest mean score and highest standard deviation, indicating both low importance and high variability in perceptions.
Physical Appearance of the Bank (M = 3.71, SD = 1.345): While aesthetics matter, they rank relatively low compared to functional and relational factors.

Comparative Analysis: Customer Attraction versus Retention Factors

Table 4.3 presents a comprehensive comparative analysis ranking factors according to their level of influence on customer attraction versus customer retention. This analysis provides crucial insights into whether similar or different factors drive these two distinct but related outcomes.

Table 4.3: Comparative Ranking of Factors Influencing Customer Attraction and Retention

Factors	Importance Index - Attraction	Ranking - Attraction	Importance Index - Retention	Ranking - Retention
Convenient Location & Branch Network	4.73	1st	4.60	1st
Physical Appearance	4.60	2nd	3.71	16th
Positive Word-of-Mouth	4.55	3rd	4.31	5th
Good Customer Relations	4.53	4th	4.23	6th
Speed of Service	4.50	5th	4.16	8th
Good Credit Options	4.43	6th	4.55	2.5th
Attitude & Behavior of Contact Staff	4.40	7th	4.55	2.5th
Service Quality	4.25	8th	4.03	9th
Offering Rewards & Benefits	4.20	10th	3.80	15th
Bank Image	4.20	10th	3.91	12th
Access to Electronic Transactions	4.20	10th	3.92	11th
Range of Services Offered	4.18	12th	3.82	14th
Bank Responsiveness to Changing Needs	4.10	13th	3.89	13th
Service Rate	4.07	14th	4.21	7th
Efficiency in Complaint Handling	4.05	15th	4.40	4th
Stock Performance	3.88	16th	3.28	17th
Provision of Incentives	3.49	17th	3.95	10th

Key Observations from Comparative Analysis:

Convenient Location and Branch Network consistently ranks first for both attraction (M = 4.73) and retention (M = 4.60), indicating its universal importance throughout the customer lifecycle. This finding aligns with recent research emphasizing accessibility as a fundamental service quality dimension (Agyapong et al., 2018).

Physical Appearance demonstrates a dramatic shift between attraction (2nd, M = 4.60) and retention (16th, M = 3.71). This suggests that aesthetic factors strongly influence initial bank selection but become substantially less important once customers have established relationships. This pattern supports the notion that tangible elements serve primarily as "search attributes" influencing initial attraction rather than ongoing satisfaction (Mbama & Ezepue, 2018).

Attitude and Behavior of Contact Staff shows opposite patterns, ranking 7th for attraction (M = 4.40) but climbing to joint 2nd for retention (M = 4.55). This finding suggests that while customers may not initially prioritize staff attitude when selecting banks, positive employee interactions become critical for maintaining relationships over time. This aligns with relationship marketing theory emphasizing interpersonal bonds in service retention (Palmatier et al., 2021).

Efficiency in Complaint Handling ranks relatively low for attraction (15th, M = 4.05) but substantially higher for retention (4th, M = 4.40). Prospective customers likely do not anticipate service failures when selecting banks, but established customers who have experienced problems recognize complaint resolution as crucial for continued patronage. This finding supports service recovery research demonstrating that effective problem resolution strengthens customer relationships (Kashif et al., 2016).

Good Credit Options shows interesting patterns, ranking 6th for attraction (M = 4.43) and joint 2nd for retention (M = 4.55). The increasing importance for retention suggests that customers' appreciation for favorable credit terms grows as they utilize these services over time.

Service Rate (Pricing) demonstrates moderate importance for both attraction (14th, M = 4.07) and retention (7th, M = 4.21). Contrary to common assumptions about price sensitivity, this factor does not dominate either attraction or retention decisions. This finding suggests that Nigerian banking customers prioritize service quality and convenience over pricing, possibly reflecting the relatively homogeneous pricing structures across banks (Yusuf & Alhaji, 2020).

Hypothesis Testing

The research hypothesis was tested using Spearman's Rank Correlation Coefficient to determine whether a statistically significant relationship exists between the level of influence of factors on customer attraction and those on customer retention.

Hypotheses:

H_0: There is no positive relationship between the level of influence of factors on customer attraction and customer retention in Nigerian banks.

H_1: There is a positive relationship between the level of influence of factors on customer attraction and customer retention in Nigerian banks.

Table 4.4: Spearman's Rank Correlation Results

		Attraction	Retention
Spearman's rho	Attraction	Correlation Coefficient: 1.000	Correlation Coefficient: .737**
		Sig. (2-tailed): .	Sig. (2-tailed): .001
		N: 17	N: 17
Spearman's rho	Retention	Correlation Coefficient: .737**	Correlation Coefficient: 1.000
		Sig. (2-tailed): .001	Sig. (2-tailed): .
		N: 17	N: 17

** Correlation is significant at the 0.01 level (2-tailed).

Interpretation of Results

The Spearman's Rank Correlation Coefficient ($\rho = .737$, $p = .001$) indicates a strong, positive, and statistically significant relationship between factors influencing customer attraction and those influencing customer retention. The correlation coefficient of .737 suggests that approximately 54% of the variance in retention factor rankings can be explained by attraction factor rankings ($r^2 = .543$).

Given that the p-value (.001) is substantially less than the conventional significance level of .01, we reject the null hypothesis and accept the alternative hypothesis. This finding provides strong statistical evidence that factors influencing customer attraction and retention are significantly related, though not identical, in Nigerian banking contexts.

Practical Implications

The strong positive correlation suggests that banks can achieve synergies by developing integrated strategies addressing both attraction and retention. However, the correlation being less than perfect (.737 rather than 1.0) indicates important differences requiring tailored approaches. The comparative analysis revealed that while some factors (convenient location, customer relations, speed of service) maintain consistent importance, others (physical appearance, complaint handling, staff attitude) demonstrate markedly different importance levels across customer lifecycle stages.

This finding challenges the assumption that entirely separate strategies are required for attraction versus retention while simultaneously refuting the notion that identical approaches suffice for both objectives. Instead, the evidence supports a nuanced approach where core service quality elements remain consistently important, but emphasis shifts across the customer journey (Sharma & Prashar, 2023).

Conclusion

This study investigated factors influencing customer attraction and retention in Nigerian banking, examining 500 customers across ten major banks in Edo and Delta States. The research yielded several important conclusions with theoretical and practical implications.

Recommendations

Based on the study's findings, the following recommendations are proposed for various stakeholders:

Recommendations for Bank Management

Given the strong positive correlation between attraction and retention factors, banks should develop integrated customer management strategies rather than treating these as entirely separate objectives. Core elements such as convenient location, service quality, and customer relations should receive consistent emphasis throughout customer lifecycles. However, tactical emphasis should shift appropriately tangible elements for attraction, relational elements for retention.

The overwhelming importance of convenient location necessitates strategic branch network expansion. Banks should conduct systematic market analyses identifying underserved areas with growth potential. However, expansion should be financially sustainable, possibly through smaller "mini-branches" or kiosks serving basic transaction needs in secondary locations while maintaining full-service branches in primary locations.

Given the critical importance of employee attitude and behavior for retention, banks must prioritize human capital development through:

Rigorous Selection: Implementing comprehensive selection processes assessing not only technical qualifications but also interpersonal skills, emotional intelligence, and customer orientation.

Continuous Training: Providing ongoing training addressing technical competencies, product knowledge, customer service skills, and complaint resolution techniques.

Performance Management: Establishing performance metrics incorporating customer satisfaction measures alongside financial targets, ensuring employees are held accountable for relationship quality.

Motivation and Engagement: Creating positive organizational cultures, offering competitive compensation, providing career development opportunities, and recognizing excellent service delivery to maintain high employee motivation.

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