NEAR EAST UNIVERSITY

INSTITUTE OF GRADUATE STUDIES

DEPARTMENT OF INTERNATIONAL BUSINESS

THE IMPACT OF RELATIONSHIP MARKETING ON CUSTOMER LOYALTY IN THE BANKING SECTOR OF RWANDA

MASTER THESIS

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CEDRICK MUKUNZI

Supervisor

Dr. Laith Tashtoush

Nicosia

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Approval

We certify that we have read the thesis submitted by **CEDRICK MUKUNZI** titled **THE IMPACT OF RELATIONSHIP MARKETING ON CUSTOMER LOYALTY IN THE BANKING SECTOR OF RWANDA**" and that in our combined opinion it is fully adequate, in scope and in quality, as a thesis for the degree of Master of Educational Sciences.

Examining Committee	Name-Surname	Signature
Head of the Committee:	Assist. Prof. Dr. Ayşe Gözde Koyuncu	....
Committee Member:	Dr. Tijen Zeybek	....
Supervisor:	Dr. Laith Tashtoush	....

Approved by the Head of the Department

6 /6/2022

....

Assist. Prof. Dr. Ayşe Gözde Koyuncu

Head of Department

Approved by the Institute of Graduate Studies

…../…../20…

Prof. Dr. Kemal Hüsnü Can Başer

Head of the Institute

NEAR EAST UNIVERSITY INSTITUTE OF GRADUATE STUDIES 1988

Declaration

I hereby declare that all information, documents, analysis and results in this thesis have been collected and presented according to the academic rules and ethical guidelines of Institute of Graduate Studies, Near East University. I also declare that as required by these rules and conduct, I have fully cited and referenced information and data that are not original to this study.

CEDRICK MUKUNZI

18/05 /2022

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CEDRICK MUKUNZI

Abstract

The Impact of Relationship Marketing on Customer Loyalty in The Banking Sector of Rwanda

Mukunzi, Cedrick

Supervisor, Dr. Laith Tashtoush

MA, Department of International Business

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The development of an efficient monetary transfer system in Rwanda has been hampered by so many factors. Therefore, this research is aim to investigate the impact of relationship marketing on customer loyalty in the banking sector of Rwanda. This research has been concentrated on the biggest three banks in Rwanda as a sample size of this research which are they Bank of Kigali, Banque Populaire du Rwanda (BPR), and I&M Bank and the customer formed as an analysis unit of this research. The ideal sample size has been 400. Also, this research utilized a convenience-sampling method based on the data collection from the population who are available to participate in this research. The research findings found that relationship marketing was positive and statistically significant to customer loyalty. Also, the greater the trust in the bank, the higher the level of the bank's commitment, the more reliable and timelier its communications and the more satisfactorily it handles conflicts, the more loyal its customers will tend to be. Customer loyalty not only makes a plat form where the customer is ready to stay maximum time with the organization and causes long-term benefit, but also provides a name of inspiration with the company products or services. It is important to banks to optimize the technology usage, both in the way that banks analyze customer data internally and the way they communicate information to their customers.

***Keywords**:* Relationship Marketing, Customer loyalty, Customer Satisfaction, Communication, Trust.

ÖZ

The Impact of Relationship Marketing on Customer Loyalty in The Banking Sector of Rwanda

Mukunzi, Cedrick

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Ruanda'da verimli bir para transfer sisteminin geliştirilmesi pek çok faktör tarafından engellenmiştir. Bu nedenle, bu araştırma, ilişkisel pazarlamanın Ruanda'nın bankacılık sektöründe müşteri sadakati üzerindeki etkisini araştırmayı amaçlamaktadır. Bu araştırma, örneklem büyüklüğü olarak Ruanda'daki en büyük üç banka olan Bank of Kigali, Banque Populaire du Rwanda (BPR) ve I&M Bank üzerinde yoğunlaşmış ve bu araştırmanın analiz birimi olarak müşteri oluşturulmuştur. İdeal örneklem büyüklüğü 400'dür. Ayrıca, bu araştırma, bu araştırmaya katılmaya uygun evrenden veri toplamaya dayalı bir kolayda örnekleme yöntemi kullanmıştır. Araştırma bulguları, ilişkisel pazarlamanın müşteri sadakati için pozitif ve istatistiksel olarak anlamlı olduğunu buldu. Ayrıca, bankaya duyulan güven ne kadar yüksekse, bankanın bağlılığı ne kadar yüksekse, iletişimi o kadar güvenilir ve zamanında ve anlaşmazlıkları ne kadar tatmin edici bir şekilde ele alıyorsa, müşterileri de o kadar sadık olma eğiliminde olacaktır. Müşteri sadakati, müşterinin kuruluşta maksimum süre kalmaya hazır olduğu ve uzun vadeli fayda sağladığı bir platform oluşturmakla kalmaz, aynı zamanda şirket ürünleri veya hizmetleri ile bir ilham adı sağlar. Bankaların teknoloji kullanımlarını optimize etmeleri, hem bankaların müşteri verilerini dahili olarak analiz etme biçimleri hem de bilgileri müşterilerine iletme biçimleri açısından önemlidir.

Anahtar kelimeler: İlişki Pazarlaması, Müşteri Sadakati, Müşteri Memnuniyeti, İletişim, Güven.

Table of Contents

LIST OF FIGURES

LIST OF TABLES

ABBERVIATION

RM: Relationship Marketing

TR: Trust

CS: Customer Satisfaction

CM: Communication

CL: Customer Loyalty

CHAPTER 1

Introduction

Today, mature markets which have reached to the equilibrium and have different properties in comparison to the past. Its main features are expertise, customer power, and advertisement impact reduction. Today, customers of industrial and consumer goods market face with customers who have unlimited demands but less are influenced by traditional marketing tools. On the other hand, there is no big difference between market goods from customers' perspective. If a customer does ask for a brand name which is not available, he can easily substitute other brands. This represents a decrease in customer loyalty. Price competition has lost its pervious meaning and market-oriented and customer-oriented organizations try to maintain and increase customer loyalty as a new marketing tool rather than competing on price (Christopher, 1996). Since the early 1980s, many companies establish sustainable relationships with customers and other beneficiaries and then in early 1983 the term "marketing" was introduced for the first time (Wang, 2007). This research was conducted to investigate the impact of relationship marketing on customer loyalty enhancement in Kerman Iran insurance company. It tries to investigate the impact of variables such as trust, satisfaction, management, communication, and competence on customer loyalty in Kerman Iran insurance company.

The concept of relationship marketing was presented initially in 1983 by Berry in the context of service organizations. It is defined as a business strategy to attract, maintain, and improve customer relations with technology development (Berry, 1983) and companies are paying to create beneficial relationships based on to optimize customer perceptions value. Some others defined relationship marketing as a process to identify, build, maintain, strengthen, and if necessary, terminate their mutually beneficial relationships with their customers and other stakeholders so that the objectives of all the parties involved are met (Gronroos, 1999). Kotler, Armstrong, Saunders, and Wong (1999) defined relationship marketing as an effort to create, maintain, and enhance strong relationships with target customers and stakeholders. They believe that marketing is increasingly moving away from individual transactions to build strong relationship with customers and other marketing networks. Customers are people who consume, need, or benefit from the product or the results of its function because each function in an organization certainly has a goal and its own customers (Bernickerhouf & Dressler, 2003). Totally, customers can be divided into two distinct categories, namely internal and external customers. An external customer is someone who is not part of an organization and just purchases and uses the company's products or services. In addition to external customers, every organization has its own internal customers that are important as well as external customers. An internal customer is any member of organization who receives a product or service and instead offers a product or service in all stages of organizational or operative processes (Jafari & Fahimi, 2000).

Relationship marketing is a long-term approach that its main objective is providing superior customer value over the long period of time and the primary success criterion is to develop long-term customer satisfaction (Kotler et al., 1999). Customer satisfaction is achieved through consumption and purchase experience (Sharma & Patterson, 2000). Customer satisfaction can be considered as the final basis in the modern marketing; therefore, the success of each business institution depends heavily on identifying and satisfying the superior customers' needs and demands. Customer satisfaction can lead to behaviors such as loyalty and positive advertising (Abdul-Mauhmin, 2002). Customer loyalty is considered as a key business strategy and greatest asset of each company that guarantees company's success and improves its level of profitability. In today's fast-paced world of constant change, creating and maintaining customer loyalty need more attempts. Electronic commerce is considered as a way to reduce entry barriers and provides an excellent opportunity for customers to see and select the proper customer (seller). Most of old trade organizations did not consider to the new customer service techniques new and therefore lost their own existing customers. Moreover, organizations should not assume that customer loyalty management is equal to customer management for profitability. Loyal customers are considered as great marketers and valuable source for selling (Maghsoudi, 2003).

According to Gronroos (1999) accepting relationship marketing creates a large number of changes in company's old structures and interactions; therefore, he introduced eight types of factors which affect the success of relationship marketing. These factors are marketing resources and variables, product, organizational structure, outsourcing, marketing planning, paying attention to individual customers, information resources, and communication attitude. Marketing resources and variables states that the companies are not able to predict the set of relationship marketing variables and therefore they should apply their resources to create a proper marketing based on their relationships with each of their customers, so that the results lead to the customers' satisfaction and give them value. Second, the companies never rely on prefabricated products in relationship marketing. They should expand their current resources such as their personnel and technology and make a system which presents services through optimal resource management to satisfy their customers. Third, marketing knowledge should not be just limited to a separate organizational unit in relationship marketing and needs to be shared and developed throughout the organization. Although, marketing experts are required to execute some traditional marketing functions such as advising to senior managers for making decision. Fourth, the implementation of relationship marketing in companies should be outsourced and should be done by part-time marketing experts. These marketing experts should ensure the companies that their marketing duties with customer-oriented tendency has been achieved. Fifth, planning in relationship marketing should move away from traditional marketing planning towards making customer relationships and understanding customers' circumstances. Furthermore, in relationship marketing, marketing decisions and activities should not be based on the traditional marketing segmentation methods but also on selecting customer and providing services for individual customers based on searching customers' database and data. Information sources also states that companies should acquire their information through face-to-face communication with their customers. For successful implementation of relationship marketing program in the organization, the concept of marketing should be replaced with other concepts such as cross-enterprise customer relationship management.

Organizations have to communicate with their existing and potential customers about what they do. This, indeed, is a herculean task in Nigeria's insurance market environment due to its characteristic nature which is further encapsulated by the vagaries of Nigeria's economic, demographic, social, political, legal, religious, cultural and environmental forces. Marketing communication is very important and at the same time challenging in the insurance subsector. This is because the intangible natures of insurance services play a decisively challenging role in convincing customers as to value of insurance product. The marketing communication mix elements have become important players in the life of so many businesses (Idris, et al., 2012). Insurance is easily accessible for those in the developed world, but not for the poor due to exorbitant transaction costs which do not decrease in proportion to the value of the insurance policy. Insurance companies cannot simply write policies with values below a certain floor without pricing them unrealistically. Research by Access conducted in 2009 revealed that the rate of insurance penetration is less than 3% of GDP, with only 7% of the Kenyan population having any form of insurance (Karani, 2009). According to Gordon (2008) relationship marketing and advertisement are not a wholly independent philosophy but draws on traditional marketing principles. This view suggests that the basic focus upon customer needs still applies, but that it is the way marketing is practiced that is changing, with a greater emphasis on customer value, establishing and maintain a relationship over a long period of time (Christopher & Payne, 2005). If RM is indeed a descendant of traditional marketing, then a good starting point in developing a definition of relationship marketing would be to look at how marketing has traditionally been perceived.

In addition, the banking industry is one of the most profitable and growing in Rwanda, however, due to liberalization, globalization, technological advancement and more enlightened customers, it has been faced with several challenges emanating from the operating environment. It is as a result of these challenges that the commercial banks have had to change tact in order to be competitive. Commercial banks assaulted by pressure of globalization and competition from non-banking new ways to add value to the service. The question of what drives performance is at the top in understanding superior performance and hence striving for it. Substantial research efforts have gone into addressing this question, starting from the strategic level and going. Down to operational details. A key research bench marking the strategies of leading retail banks was carried out by the bank strategies of leading banks (Vander, 1992). However, for the case of Rwanda in spite of banks trying to enforce the banking services, Rwanda is still faced with some challenges which need to be addressed in order to promote effective and efficient banking performance and these are: The development of an efficient monetary transfer system in Rwanda has been hampered by so many factors. Therefore, this research is aim to investigate the impact of relationship marketing on customer loyalty in the banking sector of Rwanda.

Research Problem

Customers are loyal because they believe that they receive superior products or commendable services and favorable treatment from their service providers, and also because they believe they don't have a better alternative. However, these customers may not be aware of the influence or impact that their service provider's advertisements really have on keeping them hooked or bowed to their brand and customer loyalty (Mcllroy& Barnett , 2000). Therefore, on one hand advertising has lots of components and its resulting effects; on the other hand, there are many factors which influence a customer's loyalty. The Rwanda Financial Sector Strategy is a long-term development strategy that governs the entire financial sector of Rwanda. It is obvious that the strategy will definitely help in the achievement of the financial sector objectives as set out in Vision 2020, Economic Development and Poverty Reduction Strategy (EDPRS II,) Seven years Government Program, and Strategy for Rwanda becoming an international service center (Ministry of Finannce and Economic planning [MINICOFIN], 2013). A recent review of Rwanda's the banking sector of Rwanda highlighted that although the sector has made remarkable achievement, it still faces major challenges that need addressing to enable the financial sector to contribute meaningfully to the overall performance of the country's economy. The key challenges identified include; Rwanda's low savings rates as a result of low savings culture, limited access to insurance products and services, and low incomes that translates into low savings. Therefore, this research found out the contribution of relationship marketing to customer loyalty in the banking sector of Rwanda.

The World Bank estimates that in many countries, over half of the population, the unbanked, has never had a bank account. The poor tend to be terrified of banks, since they are often humiliated or ignored when they try to enter them. That means they cannot leave their savings anywhere safe, pay a bill without walking with the cash to the office or prove that they are credit worthy (Wireless Intelligence, 2007). Studies done by CGAP (2010) in other countries, specifically in Brazil, Peru and Chile has shown that there is growing interest in many parts of the developing world in delivering financial services through the retail agents, including post offices, airtime sellers and local shops. However, many potential disadvantages have also been identified in those countries for providers of banking services being not able to transact at local retail agents and not satisfy their financial needs (Ignacio & Siedek, 2008). Other studies have been done in the area's relationship marketing and customer loyalty. They include, Nyakondo (2010), who did a survey on factors influencing banking industry to adopt strategic positioning in relationship marketing. The research found that banks had adopted moderate customer service to a moderate extent and there was need to do more in this area.

Ngigi (2013) conducted research on challenges of relationship marketing adoption which revealed that relationship marketing was a relatively new distribution channel in Kenya and poor brand image was a key challenge facing relationship marketing. Mugambi (2013) in did a survey of customer service in EBL agents and observed that the bank has not adequately addressed various challenges facing it so as to improve on quality of customer service. In her research of the role of executive development in corporate strategy implementation, comparative research of EBL and National Bank of Kenya, Njuguna (2007) observed that both agents and banks have not realized that good operational structure like simple machines usage and use of local language that confers to improved customer loyalty. Banks like EBL has addressed its changing competitive situation by formulating and implementing strategic responses that include using user friendly machines that can assimilate local language and have easy menu. However there still was need for more strategic actions that need to be undertaken by EBL in order to enable the bank to fully match to its positive brand image (Kiptugen, 2013). Although a number of studies have been done on banking sector in counties like Kenya, a knowledge gap still exists on how relationship marketing affects customer loyalty in Commercial Banks in Rwanda. It is in the background of these issues that this research seeks to fill in the gap by answering the question; what are the effects of relationship marketing on customer loyalty in banking sector in Rwanda?

Research Questions

As stated previously, this research aims to make a novel contribution to knowledge and practice concerning the effects of relationship marketing on customer loyalty in banking sector in Rwanda. The research questions are subsequently examined through the development of the conceptual framework that is the transformation of the research questions into hypotheses and the selection of the appropriate tools and techniques for their empirical examination. Therefore, to achieve the above-mentioned objectives, this research attempts to answer the following research questions:

1. What are the effects of relationship marketing on customer loyalty in banking sector in Rwanda?
2. Is there any relationship between trust and customer loyalty in the banking sector in Rwanda?
3. How does the satisfaction influences customer loyalty in the banking sector in Rwanda?
4. How the communication process impact customer loyalty in the banking sector in Rwanda?

Research Significant and Objectives

The findings of the research are likely to assist relationship marketing for banking sector in Rwanda to identify the dimensions that most predict customers' loyalty, in order to concentrate on them according to their degree of importance. Thus, the present research helped bank managers to better understand how to hold loyal customers by satisfying their overall needs with expectation that they will advocate for the bank, and hold their trust upon the bank which results good profit, and enhances reputation as well. The findings from this research are likely also to be used as references for further research work by anyone who might be interested in this area of research. The research are likely to contribute academically towards future research by leveling the sensitivity of different attributes of relationship marketing on the customer loyalty and providing strategies to be put in place in order to meet customers' needs in terms of loyalty. The findings of this research are likely to assist policy makers in different Banks. They are likely to use it while reviewing and drafting policies that often act as guidelines on the approach that they always consider to ensure customer loyalty.

The general objective of the research was to analyze if there is a contribution of relationship marketing to customer loyalty in banking sector in Rwanda Specific Objectives are:

1. To ascertain the determinants that influence customer loyalty in banking sector in Rwanda.
2. To assess the strategies related to relationship marketing undertaken by banking sector on customer loyalty.
3. To establish relationship between relationship marketing and customer loyalty in banking sector in Rwanda.

CHAPTER II

Literature Review and Hypotheses Development

Relationship Marketing

According to the Association of National Advertisers, the focus of influencer marketing is to leverage individuals with influence over potential buyers and orient marketing activities around these individuals to deliver a brand message to the wider market through social networking channels and collaboration with opinion leaders (Bijen, 2017; Levin, 2019). The same source defines "relationship marketing" as the use of consumer-segmentation and loyalty-building strategies oriented towards building a lasting interactive relationship between the company and its target audience. Many variables and basic keywords apply to both these marketing techniques (Özsaçmacı & Dursun, 2020).

Nha , André, and Gaston (2013) analyzed the mediating role of customer trust on customer loyalty in Canada. Mao, Customer Brand Loyalty (2010) assessed customer brand loyalty in China. Sri, Christina, and Tetty (2013) analyzed factors influencing customer loyalty toward online shopping in Indonesia. Mohammad, Seyyed, and Nima, (2013) analyzed Factors and elements influencing brand loyalty in Iran. Mukhiddin, Dileep and Jalal, (2012) analyzed impact of relationship marketing on customer loyalty in the banking sector. Faizan (2011) analyzed the impact of customer satisfaction on customer loyalty and intentions to switch: evidence from banking sector of Pakistan. Ekrem, Hasan and Bünyamin (2007) analyzed effects of image and advertising efficiency on customer loyalty and antecedents of loyalty in Turkish. Ogechukwu (2012) analyzed if relationship marketing an acceptable marketing strategy to be used by Nigerian commercial banks. Adepoju and Suraju (2012) analyzed the determinants of customer loyalty in Nigeria's GSM market. Yusuf (2014) analyzed determinants of customer loyalty among subscribers of global system for mobile communication in north-western Nigeria. Kofi and Mark (2014) analyzed the influence of advertisement on customer loyalty in the telecommunications industry in Ghana. Arvinlucy, Moses, Isaac and Willis (2012) focused on implications of service quality on customer loyalty in the banking sector. Allan and Gordon (2014) analyzed factors influencing customer loyalty in telecommunication industry in Kenya. Even though, other studies found that customers are loyal because they believe that they receive superior products or commendable services and favorable treatment from their service providers, and also because they believe they don't have a better alternative. Mcllroy and Barnett (2000) said that these customers may not be aware of the influence or impact that their service provider's advertisements really have on keeping them hooked or bowed to their brand and customer loyalty. Therefore, on one hand relationship marketing has lots of components and its resulting effects; on the other hand, there are should be many other factors which influence a customer's loyalty.

Service firms can establish relationships with their customers (Morgan & Hunt, 1994) and so relationship marketing practices have been extensively studied within the services marketing domain (Brodie, 2017). Seminal contributors have defined relationship marketing as 'attracting, maintaining and – in multi-service organizations – enhancing customer relationships' (Berry, 1983), or 'attracting, developing, and retaining customer relationships' (Berry & Parasuraman, 1991). Berry (1983, 1995) further suggests that firms practicing relationship marketing should focus on the provision of a core service and must ensure the relationship is customized according to the individual's needs. Additionally, the core service must be enhanced with extra benefits and should be correctly priced to foster customer loyalty. Marketing initiatives must also be directed towards employees to ensure good service is provided to customers. Grönroos (1994) believes that relationship marketing practices focus on two parts: attracting customers to the firm, and the subsequent building of relationships with these customers to accomplish the desired economic goals. However, established relationships can only be maintained and enhanced if promises made to customers are kept (Grönroos, 1994). Therefore, relationship marketing is considered a viable tool for obtaining a sustainable competitive advantage (Jones et al., 2015) and its relevance in the contemporary marketing environment is undisputed (Brodie, 2017; Gummerus, Von Koskull, & Kowalkowski, 2017; Gummesson, 2017; Payne & Frow, 2017; Sheth, 2017). In the relationship marketing domain, relationship quality is considered an important concept that indicates the closeness or intensity of the relationship between a firm and its customers (Hajli, 2014; Vesel & Zabkar, 2010). While several factors attribute to relationship quality, customer satisfaction, trust and commitment are regarded as central components or predictors of relationship quality (Vesel & Zabkar, 2010). Hence, for the purpose of this study, customer satisfaction, trust and commitment are further explored to determine their effect on customer engagement. In addition to these factors, customer perceived value is also examined as it is regarded as another key variable of relationship marketing (Roig, Garcia, Tena, & Monzonis, 2006).

According to Yoganathan, Jebarajakirthy, and Thaichon (2015), relationship marketing is a multi-dimensional construct consisting of six components: trust, bonding, communication, shared values, empathy, and reciprocity. In the marketing domain, relationship marketing is a key strategy that provides and explains certain essential variables that help brands understand their customers beyond a single encounter or transaction. It involves creating, maintaining, and enhancing the strong relationship with customers and other stakeholders within and outside an enterprise (Ibidunni, 2012). Relationship marketing can also be described as a win-win relationship based on networks and constant interaction between the brand and its customers that “transcends boundaries between specialist functions and disciplines” (Gummesson, 2002). Relationship marketing is deeply rooted in trust, and plays a vital role in achieving longterm profitability and sustainability in the marketplace so that the objectives of the parties involved are met (Nyadzayo & Khajehzadeh, 2016). Relationship marketing is a unique construct that embodies a value creation process distinct from other marketing strategies whereby old customers are retained via the development of strong relationships to influence repurchase decisions and build advocacy as well as meet customers’ expectations. These major triggers are classified as the formation and development of the customers’ attention, and it is important for marketing managers to identify these triggers across their customer base to be able to instigate a valuable customer relationship (Zeithaml, Rust, & Lemon, 2001). Relationship marketing is synonymous with knowledge exchange and knowledge spillover, as the acquisition of knowledge from the brand perspective is derived from the constant supply of goods and services to the customers, tailoring a firm’s offerings to the direct needs of these customers, and the customers providing valuable feedback on how the products or services can be improved. Gummesson (2002) described this feedback as marketing value already rooted in the genetic of the brand, and the feasibility of these actions is as a result of the implementation of these marketing techniques. These marketing values depict resources, processes, and competencies that the brands possess and are aligned with customers' values, leading to brand equity. Different dimensions of relationship marketing exist and, for the purpose of this article, we has been looking at bonding, trust, communication, shared value, empathy, and reciprocity.

Trust

All social relationships would fail or function irregularly without trust (Patrick, 2002). Trust defined as a generalized expectancy held by an individual that the word of another can be relied on (Rotter, 1967). Patrick (2002) viewed customer trust as thoughts, feelings, emotions, or behaviours manifested when customers feel that a provider can be relied upon to act in their best interest when they give up direct control. Morgan and Hunt (1994) defined trust as confidence that one party has on another because of honesty and reliability of the other partner. Previous studies identified trust as a predictor of customer loyalty (Gul, 2014; Bibb and Kourdi, 2007; Hsu, 2008; Liang and Wong, 2004; Chaudhuri and Holbrook, 2001). A customer loyalty to an organization is enhanced by the trust created between the customer and the service provider (Kassim and Abdullah, 2008; Kishada and Wahab, 2013). Gul (2014) emphasized that when the customer is loyal towards a product or service, he is basically trusting in it. Since trust establishes an important bond between the brand and customers, it is one of the determinants of brand loyalty (Morgan and Hunt, 1994). Further, Ranaweera and Prabhu (2003) highlighted that trust is a stronger emotion than satisfaction and it better predicts loyalty.

Trust in an exchange relationship concerns the willingness of a trading firm to accept vulnerability on the basis of favorable expectations about the partner's behavior in the business association (McEvily, Perrone, & Zaheer, 2003). Clearly the concept of trust involves expected outcomes that a party can receive based on expected actions of its counterpart in interactions characterized by uncertainty (Sahay, 2003). Trust has been extensively studied in marketing, management, and international business and is viewed as an important enabler of smooth ongoing relational exchanges, especially in business-to-business market settings. Scholars (e.g., Bradach & Eccles, 1989; Heide, 1994) view inter-firm trust as a governance mechanism, which enables opportunism mitigation and long-term relationship building between independent exchange partners. Ring and Van de Ven (1992) assert that all modern commercial relationships require at least a modest level of trust among the partners. Further, trust can be built and maintained by engagement in joint decisions and productive activities for the relationship where a party has confidence in the other's reliability and efforts (Kwon & Suh, 2004; Morgan & Hunt, 1994). In this study's empirical setting, we view trust as the extent to which an organizational customer is confident in the credibility and benevolence of its partner (e.g., Doney & Cannon, 1997; Katsikeas et al., 2009).

Relationship marketing in terms of expected outcomes in those operational areas that are perceived as important by organizational customers in their customer choices plays a critical role in developing and maintaining close trading interactions between the two parties. A buying firm typically assesses the overall performance of a customer and the relevant investments that the customer makes to the specific relationship, in comparison with what might be obtainable in other business associations. A customer's efforts, time, and investments in important areas that will enable them to deliver product quality levels, sales service quality, technical repair and after-sales service support, and complaint handling service are expected to have favorable effects on a customer's assessments of equity and efficiency in the trading relationship (Katsikeas et al., 2009). organizations that tangibly shows interest in a customer relationship though investments in operational, human, and other resources in its endeavors to comply to and perform well in important relationship roles indicates its helpful intentions and strengthens its bonding with the specific customer. A customer that exhibits honesty in its interactions with a buying partner and makes special efforts to satisfying the particular requirements of the customer and to performing in their relationship increases its switching costs. This not only enhances the need of the customer to sustain this business association, but also signals the supplying firm's seriousness about and caring attitudes and behavior toward the customer (Wathne & Heide, 2000).

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Customer Satisfaction

Customer satisfaction has been a very critical strategy for companies over the past two to three decades. In the 1990s, customer satisfaction was measured through such things as customer retention and profits, and in fact, satisfaction ratings were regarded as the ends of the strategy (Kalwani and Silk, 1982). Rust, Lemon, and Zeithaml (2004) proposed a method of calculating returns using financial accounting for marketing investments, considering the cost effectiveness of CE. Smith and Wright (2004) note that one of the most commonly used financial performance methods is to measure the percentage change in sales in recent years to show sales growth rates. Second, return on equity (ROA) is an indicator of how profitable a company is versus its total equity. This study, however, measures the effects of customer satisfaction, a nonfinancial measure that recent studies have also used. Nonfinancial measures are considered very important in situations like this where accurate sales cannot be measured.

Customer satisfaction has been one of the top tools for a successful business. Customer satisfaction is defined as an overall evaluation based on the total purchase and consumption experience with the good or service over time (Fornell, Johnson, Anderson, Cha & Bryant 1996). With marketing, customer satisfaction also comes along with it which means it ascertains the expectation of the customer on how the goods and services are being facilitated by the companies. Actionable information on how to make customers further satisfied is therefore, a crucial outcome (Oliver 1999.) At a glance, customer satisfaction is a crucial component of a business strategy as well as customer retention and product repurchase. To maximize the customer satisfaction companies should sell ideas and methods after the completion with all the necessary documents. As for example, customers will buy a car after taking a closer look at it such as how is the engine, what is its model, how many kilometers it has been traveling, and is there any cracks or not. Therefore, they do not feel disappointed after purchasing it. Otherwise, if the company uses only their sell and build method customers might expect that the car is exactly the same as what they see in the pictures or during the exhibition and later on the company might receive complaint if anything is wrong. Customer satisfaction is a barometer that predicts the future customer behavior (Hill, Roche & Allen 2007.) However, the product and its features, functions, reliability, sales activity and customer support are the most important topics required to meet or exceed the satisfaction of the customers. Satisfied customers usually rebound and buy more. Besides buying more they also work as a network to reach other potential customers by sharing experiences (Hague & Hague 2016.)

The value of keeping a customer is only one- tenth of winning a new one. Therefore, when the organization wins a customer it should continue to build up a good relationship with the client. Providing the quality of goods and services in the 20th century is not only to satisfy the customers but also to have a safe position. Indeed, this has benefited the customers significantly on consuming qualitative products (Rebekah & Sharyn 2004.) Customers often look for a value in the total service which requires internal collaboration among the department that is responsible for different elements of the offering, such as the core product (goods or services) delivering the product, product documentation, etc. Moreover, from profitability and productivity perspectives only activities that produce value for customers should be carried out. Hence, firms have to get to know their customers much better than has normally been. However, the company should be able to build trust with the customer so it is easy to get the feedback from the customer. This is how customer oriented product or service could be developed (Hill, Brierley &

MacDougall 2003.) Customer satisfaction is dynamic and relative. Only the idea "customer-centric" can help companies improve satisfaction and keep customer truly, conversely, if competitors improve customer satisfaction, then it may loss corporate customers. While improving customer satisfaction, customer expectations should be noticed. Service quality, product quality and value for money have a direct positive impact on customer satisfaction. Employee satisfaction is equally important before achieving the customer satisfaction. If employees have a positive influence, then they can play a big role to increase customer satisfaction level. Satisfaction is a dynamic, moving target that may evolve overtime, influenced by a variety of factors. Particularly when product usage or the service experience takes place over time, satisfaction may be highly variable depending on which point in the usage or experience cycle one is focusing. (Lovelock, C & Wright, L.2007,86-87.) Customer satisfaction is influenced by specific product or service features and perceptions of quality. Satisfaction is also influenced by customer's emotional responses, their attibutions natheir perception of equity (Zeithal & Bitner. 2003, 87-89.) Increased customer satisfaction can provide company benefits like customer loyalty, extending the life cycle of a customer expanding the life of merchandise the customer purchase and increases customers positive word of mouth communication. When the customer is satisfied with the product or service of the company, it can make the customer to purchase frequently and to recommend products or services to potential customers. It is impossible for a business organization to grow up in case the company ignores or disregards the needs of customers (Tao 2014.)

In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy. here is a substantial body of empirical literature that establishes the benefits of customer satisfaction for firms. It is well established that satisfied customers are key to long-term business success (Suda, 2001). It also defined as a global issue that affects all organizations, regardless of its size, whether profit or non-profit, local or multinational. Companies that have a more satisfied customer base also experience higher economic returns (Suda, 2001). Consequently, higher customer satisfaction leads to greater customer loyalty; Anderson and Sulivan, which in turn leads to higher future revenue (Suda, 2001). For that matter, many market leaders are found to be highly superior-customer-service orientated. hey have been rewarded with high revenue and customer retention as well. For that matter, organizations in the same market sector are compelled to assess the quality of the services that they provide in order to attract and retain their customers. Apparently, many researchers conceptualize customer satisfaction as an individual’s feeling of pleasure (or disappointment) resulting from comparing the perceived performance or outcome in relation to the expectation (Suda, 2001). here are two general conceptualizations of satisfaction here, namely, the transaction specific satisfaction and the cumulative satisfaction (Suda, 2001). Transaction specific satisfaction is the customer’s very own valuation of his or her experience and reaction towards a particular service encounter. his reaction is expressed by the customer who experiences a product or service for the first time. Meanwhile, cumulative satisfaction refers to the customer’s overall evaluation of the consumption experience to date; an own accumulation of contacts with services provided them from day-to-day. It is from this accumulation that customers establish a personal standard which is used to gauge service quality. However, in general, it is agreed that customer satisfaction measurement is a post consumption assessment by the user, about the products or services gained (Suda, 2001).

In general, satisfaction is a person’s feelings of pleasure or disappointment that result from comparing a products or service’s perceived performance or outcome to the expectation (Caruna, 2002). If the performance falls short of expectations, the customer is dissatisfied. If the performance matches the expectations the customer is satisfied. If the performance exceeds expectations, the customer is highly satisfied and delighted (Caruna, 2002). The concept of customer satisfaction occupies a central position in business relationships. Many have defined with reference to the customer’s prior expectations. For instance, Vera, (2013) defines it as the state of mind that customers have about a company when their expectations have been met or exceeded over the lifetime of the product or service. One can be satisfied by a product and service received, or by the company that offered it, when that product and service, or the provider, has met one’s prior expectations. Therefore, a high level of service quality is considered as one of the most important determinants in explaining customer satisfaction, which in turn, influences on customer loyalty towards the organization (Caruna, 2002; Vera 2013). That is why, in today’s highly competitive business environment, achieving success will greatly depend on customer satisfaction.

Communication

To attract and retain customers, is arguably an important factor. What customers talk about a company will shape customers' attitudes about an organization and its' services, manifested by intentions and behaviors of re-patronization and recommendation. While communication can be defined as Oral or written recommendation by a satisfied customer to the prospective customers of a good or service, customer loyalty is the Likelihood of previous customers to continue to buy from a specific organization (Businessdictionary.com). Customer loyalty is an attitude about an organization and its' services that is manifested by intentions and behaviors of re-patronization and repeat purchase (Oliver, 1999).

communication is a good way for enterprises to catch the attention of new customers as these will largely rely on what the existing customers say about a company and its services. The new customer will ultimately get glued to the company, its services and product leading to loyalty. communication has been recognized as a particularly valuable vehicle for promoting a firm's products and services and indeed driving customer loyalty. Positive communication recommendation removes doubt, creates customer excitement and may even cause a switching barrier in that it prevents the customers from breaking the relationship. It boosts customer confidence in the company and its services and makes customers feel they made the right choice. Indeed, Fornell (1992) thinks that loyalty is the function of satisfaction, switching barriers. The more companies motivate customers to speak good about their offers, the more they will create loyalty among their customer base. Customers no longer trust marketing messages from companies but would like to listen to experiences of real customers. It is these experiences that will attract and keep them loyal to the company. By speaking positively about the company and its offers, customers can promote new and repeat purchase. Positive communication can indeed be a powerful marketing tool in creating customer loyalty (Ferguson & Paulin, 2006). Thus, positive is likely to increase the customers' trust of an organization and its services, which will increase customer loyalty. Although communication can be very influential in any purchase decision, it is particularly important for services in aiding repeat purchases and ensuring customer loyalty. Therefore, people who spread positive to others about particular goods/service, and those that receive that positive tends to exercise some loyalty in their consumption patterns. In a country like Uganda where the culture encourages collectivism as opposed to individualism, people tend to work together. Thus, customers are likely to build collective conscience, common beliefs and feelings. Customers will, therefore, listen to and believe in the views of those that they take as their opinion leaders. When such influential customers speak negatively about the services, the rest will shun away from the services and the company will lose customers. Given that mobile telecom services are technology driven, customers will tend to listen and act to the of those that they perceive to be more knowledgeable.

It is expected that strong relationships between customers and employees foster positive among customers; thus, many companies focus on establishing a relationship with customers to foster positive. Communication is defined as any positive or negative statement made by customers experiences about a product or company (Henning-Thurau & Klee, 1997). Anderson and Sullivan (1993) described communication as vivid and novel, adding that, while positive communication refers to pleasant experiences, negative communication includes product denigration, unpleasant experiences, rumor and private complaining. The usefulness of a product/service, its major advantages and features are easily spread through by customers to others. Customers who have trust in, and are committed to the relationships with the company are expected to talk positively about the company and its products (Kumar, Petersen and Leon, 2010). For example, in Uganda, it has been a practice for customers to talk positive and recommend to others particular mobile telecommunication services based on their past experiences with these services in terms of their trust and commitment to the services. Customers will also promote a positive about telecom companies that keep the communication lines open and effective—for example, communicating frequently to customers when the services breakdown and rectify problems quickly. In the same vein, customers will talk negative and even dissuade others from some mobile telecom companies based on their past experience. Given the low penetration of social media in Uganda, this study considers the traditional as opposed to communication.

Customer Loyalty

Customer loyalty is an important factor in enhancing the sustainability of a company through maintaining existing customers and strengthening relationships (Hallowell, 1996). To this end, companies carry out marketing activities to build and maintain relationships and create customer value. In the increasingly competitive Korean retail industry, efforts are made to recognize customer equity as a major predictor of future customer behavior, and to strengthen customer equity through management. In order to quantitatively measure these efforts, conceptual applications of customer equity and empirical analyses were conducted (Rust et al., 2004; Bolton et al., 2004; Kamakura et al., 2002; Reinartz and Kumar, 2000). A study by Yoon and Oh (2016), explored the possibility of a reliable product by identifying the impact of each element of customer asset on customer loyalty of visitors to a Korean retail store. The results of these studies are summarized as follows. In this study, in line with the research of Vogel et al. (2008) the effect of customer equity composition factors on customer loyalty (revisit, recommendation, etc.) was analyzed as an indicator of future value creation.

Customer loyalty has received marked attention in the service marketing literature, due to its contribution in creating sustainable competitive advantage for service organizations (Lee and Cunningham, 2001). Appreciating the importance of customer loyalty to a hotel's profitability, most hotel chain operators have designed reward and loyalty programs to attract and retain hotel guests (Tanford et al., 2012). However, in examining a guest's willingness to repeat patronage and recommend a hotel positively to others, most customer loyalty research has adopted the attitudinal loyalty perspective rather than the behavioral one (e.g., Oh, 1999; Kandampully and Suhartanto, 2000; Choi and Chu, 2001; Hu et al., 2009; Tanford et al., 2012). Developing and sustaining customer loyalty is the holy grail of business activity (Singh et al. 2012). In the context of services marketing, customer loyalty can be defined as the customer’s willingness to build a long-term relationship with a specific brand, and recommend such brand to other people (Lovelock and Wirtz 2011; Markovic et al. 2018). Scholars have proposed that customer loyalty drives profitability, because of repeat transactions, referrals, willingness to pay a higher price, and reduced cost-to-serve (e.g., Lovelock and Wirtz 2011). Moreover, research has established various antecedents of customer loyalty, being customer trust and customer affective commitment among the most common ones (e.g., Leonidou et al. 2013; Markovic et al. 2018; Singh et al. 2012). However, while previous research has widely linked rational (e.g., customer trust) and emotional (e.g., customer affective commitment) variables to customer loyalty, it has not extensively studied interactional variables (e.g., co-creation) as antecedents of customer loyalty.

Among this scarce research, in a study on personal care services firms, Cossío-Silva et al. (2016) found that customer co-creation behavior boosts customer loyalty. Likewise, in the context of brand communities, Kaufmann et al. (2016) proposed that when customers actively engage in co-creation, their loyalty to the brand increases. Similarly, Hajli et al. (2017) found that co-creation enhances customer loyalty, through participation in online brand communities, where customers develop trust in the brand. In the area of banking services, Hosseini and Hosseini (2013) and Nysveen and Pedersen (2014) showed that involving customers in co-creation positively influences customer loyalty to the bank. In the same vein, in the healthcare services sector, Banytė et al. (2014) found that patients' involvement in co-creation has a positive effect on their loyalty to the clinic. Finally, in the tourism sector, Peña et al. (2014) showed that involving customers in the co-creation of travel services positively influences customer loyalty.

Oliver (1999,33) defines loyalty as "a deeply held commitment to rebuild and re-patronize a preferred product or service in the future despite situational influences and marketing efforts having the potential to cause switching behaviors. "Customer loyalty is viewed as the strength of the relationship between an individual's relative attitude and re-patronage. Although customer satisfaction is a crucial part of a business, satisfaction alone cannot take a business to a top level. Customer satisfaction produces a positive financial result, especially in regular purchases. Today's unforgiving market where creating and maintaining customer loyalty is more complex than it used to be in the past years. This is because of technological breakthrough and widespread of the internet uses. Loyalty building requires the company to focus the value of its product and services and to show that it is interested to fulfill the desire or build the relationship with customers (Griffin 2002.) Thomas and Tobe (2013) emphasize that "loyalty is more profitable." The expenses to gain a new customer is much more than retaining existing one. Loyal customers will encourage others to buy from you and think more than twice before changing their mind to buy other services. Customer loyalty is not gained by an accident, they are constructed through the sourcing and design decisions. Designing for customer loyalty requires customer-centered approaches that recognize the want and interest of service receiver. Customer loyalty is built over time across multiple transactions. A relationship with a customer is equally important in customer loyalty and this requires that company work in a broader context that extends beyond itself, as no company can be world class at everything (McDonlad & Keen 2000). Gremler and Brown (1999) divided customer loyalty into three different categories that include behavior loyalty, intentional loyalty, and emotional loyalty. Behavior loyalty is repeating purchasing behavior while intentional loyalty is the possible buying intention. Emotional loyalty, however, is achieved when a customer feels that a brand corresponds with their value, ideas, and passion.

Hypotheses Development

The Relationship between Relationship Marketing and Customer Loyalty

Customer loyalty has become an important variable in marketing and particularly in the field of customer relationship management. Loyalty is likely to lead to positive attitudes and behaviors such as repeat patronage and purchases and positive recommendations which may influence other actual or potential customers. Generally, service industries are characterized by high competition and relatively low switching costs. As competition intensifies, many firms are developing or improving their loyalty programs to deter customers from defecting to their competitors (Ho & Wu, 1999). In particular, a loyal customer base will generate more predictable sales, steady cash flow and an improved profit stream while counteracting any competitive agitation (Aaker, 1991). For the mobile telecom companies whose competitive landscape has become volatile, building loyalty of customers will provide business sustainability. While customer loyalty can be attained in various ways, most marketing scholars emphasize the influence of relationship marketing as an important strategic tool for attaining customer loyalty. The concepts of relationship marketing and customer loyalty have been studied and widely accepted as important aspects in successful business operations. A firm that has a relationship marketing orientation has higher chances to succeed in business through the creation of positive , and customer loyalty. According to Arnett and Badrinarayanan (2005), different marketing studies suggest various factors that make up relationship marketing. However, Alrubaiee and Al-Nazer (2010) mention the three consistently identified important factors as trust, relationship commitment and communication. The other factors include relationship satisfaction and reciprocity among others. All these factors have been argued to drive customer loyalty.

For relationship marketing to drive customer loyalty, there should be interactions between the organization and the customers. As businesses interact with their customers, they transact and exchange value as a way of creating utility and mutual satisfaction. Scholars like Mizra (2018) and Yang (2018) have considered relationship marketing (and customer loyalty) to be context specific, dynamic across contexts. Thus, the interaction theory (Gallagher, 2001) that focuses on both behaviors and environmental contexts becomes an appropriate anchor for this study, especially where comes into play. The theory is also appropriate to the Ugandan context since it does not assume rationality, and is dynamic. When deciding on mobile telecom services, customers largely rely on recommendations by others in society. It is a common phenomenon to find a Ugandan mobile telecom customer subscribing to more than one network or owning mobile telephone lines of all the existing companies, including the ones that they do not use frequently. Their purchase decision is rather whimsy, sometimes based on impulse.

The interaction theory places much emphasis on communication and mutual influence as well as commitment to the interactions between parties (Kutschler, 1985), which are dynamic practices and key elements in relationship marketing. Customer loyalty and success of businesses in collectivist societies like Uganda is largely driven by successful relationships. Since people tend to work together, the needs and goals of a group are superordinate to the individual needs. As such, collective conscience, common beliefs and feelings develop in the society. Relationships with other members of the group and the interconnectedness between people play a central role in each person’s identity; hence, people tend to consult each other in their purchase decision. In the process, they encounter the from those they consult from, which becomes their basis for building service loyalty.

The sections that follow present the theoretical relationship that exists between the relationship marketing components and customer loyalty.

The basic philosophies of relationship marketing are based on the assumption that company-customer interactions and strategies can earn and keep the loyalty of customers (Berry, 1995). Gummesson (1999) defines relationship marketing as a continuation of the mutual relationship between a service provider and a customer who will lead to formation of profitability. Therefore, banks, as the financial service providers, can retain profitable customers and increase their loyalty by planning in their marketing strategies (Kim, Park, & Jeong, 2004). Prior studies confirm that service companies have received incredible benefits of loyal customers (Bagherzad, Chavosh, and Hosseinikhah, 2011). Moorman, Zaltman, and Deshpandé (1992) stated that customer loyalty was an intention to keep a valued relationship. Yim, David and Chan (2008) defined customer loyalty as a highly deep commitment to keep on purchasing a product or service in the future regardless of the fact that there are situational factors and marketing efforts, which have been potential to create switching behavior. In the banking sector, it is the main job of manager and marketers to create and develop customer loyalty if they want to maintain their company and increase its profitability. Therefore, the hypothesis is proposed as below:

***H_1*:** *There is a positive impact between relationship marketing and customer loyalty.*

The Relationship between Trust and Customer Loyalty

Hunt and Morgan (2005) contend that trust exists when one party has confidence in the partner's reliability and integrity. Trust is the belief that a partner's word or promise is reliable, and a party will fulfill his/her obligations in the relationship (Schurr & Ozanne, 1985). Trust is an important construct in relational exchange because relationships characterized by trust are so highly valued that parties will desire to commit themselves to such relationships (Ting, 2004) and are likely to stay loyal. Trust attracts new customers on each individual network and helps in retaining customers for a longer period. To support this notion, trust has been posited as a major determinant of customer loyalty. Thus, creating trust in customers' minds is of great importance for companies to achieve customer loyalty (Ball, Coelho, & Machás, 2004).

Trust plays a significant role in interactions; it actually drives and customer loyalty. Developing, improving and practicing trust are considered important aspects of investing in a dyadic and affective relationship between the parties in the relationship. Increased trust between the customer and the business is cited as critical for relationship success (Kara, Lonial, Tarim, & Zaim, 2005). In collectivist societies like Uganda, trust is normally the basis for sharing and accepting information and drives competition. In interactions, the relational exchange is characterized by relationships based on trust. Customers prefer to continue interacting with organizations and services they trust. Trust is thus construed an important factor that determines relationship commitment and customer loyalty. The final concept necessary to build relationships is trust. In business, trust refers to the confidence that one partner, the customer, has in the business's reliability and integrity to deliver goods and services (Proctor, 2000). Trust relates to the belief that a customer has in an honest investment and engagement with the service provider (Peltier, Pointer, and Schibrowsky, 2006). In the banking context, trust is defined as customer confidence in the quality and reliability of the services offered by the organization (Garbarino and Johnson, 1999). It becomes the moral values that are established to enhance their business relationship between banks and customers. Dwyer, Schurr, and Oh (1987) argue that trust is considered the foundation of strategic partnerships, and it seems to be a mediating or intermediary element in provider-customer relationships. Prior studies find trust to be the core of the relational approach and consider it key to the development of the notion of commitment in provider-user relationships (Gundlach and Murphy, 1993; Nooteboom et al., 1998; Tax et al., 1998; Ratnasingam and Phan, 2003). According to Urban, Sultan, and Qualls (2000), trust is also considered as a key element in establishing long-term relationships with customers and in maintaining a company's market share. Therefore, based on those empirical findings, the hypothesis is proposed as below:

H_{1a}**:** *There is a positive impact between trust and customer loyalty.*

The Relationship between Customer Satisfaction and Customer Loyalty

In relationship marketing, it is important that the customer is satisfied with the relationship. Alrubaiee and Al-Nazer (2010) define relationship satisfaction as a customer's affective or emotional state toward a relationship. A high-quality relationship where there are trust, commitment and mutual communication has been satisfying to the customer and a customer who is satisfied with a relationship is likely to talk good about the organization, recommend the services to others and be more loyal. Relationship satisfaction is influenced by the customer's expectations of the relationship and the perceived quality of the relationship (Hu, Kandampully, & Juwaheer, 2009). Satisfaction can, therefore, be taken to mean a customer's emotional response when evaluating the discrepancy between expectations regarding the relationship and the perception of the actual relationship. If a customer feels that he has a satisfying relationship with the business, he may perceive the business to have a high level of service and will ultimately become loyal (Rootman, 2006). It is therefore natural to hear mobile telecommunication users in Uganda sharing their good and bad experiences during their interactions with the company staff or their bad encounters with the company's services. Mobile telecommunication companies have gone ahead to send birthday messages to their customers as a way of cementing their relationships with the customers. The events such as marathons, client parties and sponsorships of shows and celebrities by mobile telecom companies are also meant to cement their relationships with the customer. Doyle (2002) argues that the three cornerstones of relationship marketing are: planning and controlling of customer satisfaction, building and maintaining stable relationships (customer loyalty) and customer value management. Kotler (200) argues that customer satisfaction management includes the comparison between the expected delivered value and the real delivered-value as well as the image of the company, the readiness to reaction, the dependability and the product attributes. Furthermore, Kotler, Armstrong, Saunders, and Wong (2001) conclude that customer satisfaction is completely dependent of the customer expectation and how the customer's actual perception of the product's performance matches the expectations. The customer will be satisfied if the performance matches or exceeds the expectations, and in contrary, the customer will be dissatisfied if the performance falls short of the expectation. Prior studies reveal that relationship programs enhance the flow of information between the bank and customers and increase customers' positive feelings towards their bank. Thus, it will increase the customer satisfaction and relationship strength of the banks (Barnes and Howlett, 1998; Ennew and Binks, 1996). Therefore, the hypothesis is proposed as below:

***H_{1b}:** There is a positive impact between customer satisfaction and customer loyalty.*

The Relationship between Communication and Customer Loyalty

Communication in relationship marketing involves all the formal and informal exchanges that result into meaningful and timely exchange of information between buyer and seller (Ranjbarian & Berari, 2009). Providing timely, accurate and reliable information to customers, including information on new services and promises is considered key in building customer relationships. Open communication channels between the organization and customers will ensure smooth information exchanges between both parties. Therefore, communication between the company and the customers should be solid and predictable if both sides are to be aware of the mutual benefits of the relationship. This way, the customers and the company has been willing to commit to long term relationships. Communication has also been argued to increase the level of trust between partners, as well as improving the partners' ability to align their expectations and perceptions (Alrubaiee & Al-Nazer, 2010). Appropriate communication from service provider can be helpful, positive, useful and pleasant, and has important implications for customer behavior. To ensure effective communication with their customers, the mobile telecommunication companies have come up with help lines or codes that customers can dial to speak to customer care. The dial codes for customer care have further been designed to take care of different languages. The customer is given the opportunity to choose a language of their choice by dialing a number that corresponds to that language prompted by the voice machine. There are also customer relationship managers who ensure that communications flow smoothly between the customers and the organization. Since Uganda is a multi-lingual country, mobile telecommunication companies have deliberately recruitment call center staffs from different parts of the country to cater to the different communication needs of their customers. While recruiting customer service personnel, these companies consider communication skills as a key requirement. Indeed, the ability to speak at least three to four languages (including English) is a parameter that these companies consider during recruitment of call center staff. All this is done to ensure effective communication with their clients. Therefore, based on those empirical findings, the hypothesis is proposed as below:

H_{1c}*: *There is a positive impact between communication and customer loyalty.

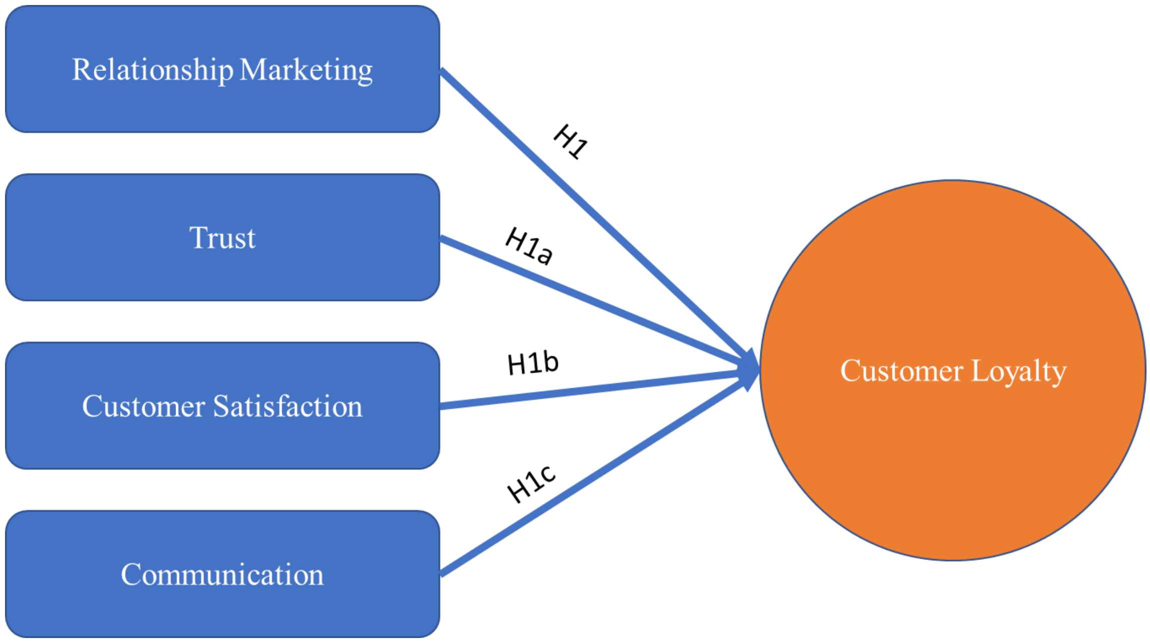

Figure 1 Research Model

CHAPTER III

Research Methodology

Sampling & Sample

The study population consisted of customers at the banking sectors in Rwanda. According to the statistical report of the Central bank in Rwanda in 2020 There are currently 16 commercial banks in Rwanda as well as a number of microfinance institutions and rural savings and credit cooperatives. After approval was obtained from the ethics committee at Near East University the questionnaire will applied between January 2022 and March 2022. A questionnaire was distributed by hand in different work areas within the Banking sector in Rwanda. The three largest banks in descending order of market share are Bank of Kigali, Banque Populaire du Rwanda (BPR), and I&M Bank. Other foreign banks present in Rwanda include Ecobank, GT Bank, Equity Bank, Kenya Commercial Bank, NCBA (formerly the Commercial Bank of Africa (CBA)), Access Bank, Bank of Africa, Cogebanque, Urwego, Development Bank of Rwanda, and microfinance banks AB Bank, Zigama, and Unguka. The total population of customer is more than one million. This research have been concentrated on the biggest three banks in Rwanda as a sample size of this research which are they Bank of Kigali, Banque Populaire du Rwanda (BPR), and I&M Bank and the customer formed as an analysis unit of this research. Due to reasons of the large size of the population used in conducting this research and the potential challenges in time, cost and non-response Yamane (1985) formula were used to determine the ideal sample size for this research. Also, Yamane (1985) formula that used for defining the ideal sample size from the population by the appreciation of the level of confidence and interval or margin of error that needed for the sample size.

The interval of confidence is an estimate derived from a sample data that has a probability of including the actual criterion of the population (Lu, Ding, Asian, & Paul, 2018; Nicholas, 2011; Sekaran & Bougie, 2016). The level of confidence that 95% of 5% margin of error is generally favorable for business and social sciences research (Lu et al., 2018; Nicholas, 2011; Sekaran & Bougie, 2016). Therefore, in this research, the ideal sample size has been 400. Also, this research utilized a convenience-sampling method based on the data collection from the population who are available to participate in this research.

Data Collection Procedures

This research aims to check the impact of relationship marketing on customer loyalty in the banking sectors in Rwanda by using a questionnaire from literature reviews to test the hypotheses for this research, where the customers of banking sectors in Rwanda formed as an analysis unit of this research see Appendix 1. To collect credible and useful data and avoid coercive participation, the author informed the respondents that their participation was voluntary and he explained the purpose of the research and obtained verbal consent from them before distributing the questionnaire. This research was conducted using a questionnaire which is considered as a suitable means for effective and accurate information. Therefore, the questionnaire method was adopted as the preferred tool to answer current research objectives.

The questionnaire was reviewed by university professors who are having an experience and knowledge in the field of marketing to detect mistakes or a possible source of misunderstandings and to check the accuracy and validity of the professional terms and perspicuity. Validity also checked through distributed 20 questionnaires as pilot research to adjust proportion to the responders' abilities to answer the questions and based on their feedback the questionnaire questions was edited to be more comprehensive and accurate. The questionnaire was designed with a 5-point Likert scale ranging from Strongly Agree = 5 to Strongly Disagree = 1.

Study Variables and Instrument

The model of the research is quantitative and cross-sectional. The questionnaire consists of two parts and 29 items in total: demographic information, the Relationship Marketing Scale (RMS), the Trust Scale (TS), Customer Satisfaction Scale (CSS), Communication Scale (CS) and the Customer Loyalty Scale (CLS). Table 1 summaries the Cronbach's alpha for these scales.

Demographic Information

The research also assesses some demographic variables that are presented in Part 1 of the questionnaire (see Appendix). The respondents were asked about gender, age, educational level, and marital status. The demographic questions consist of 4 items (items 1–4).

Relationship Marketing Scale

The RMS used in this study was developed by Chu (2009) ; Aydin and Özer, (2005); Mouri (2005) and Ruswanti, E., & Lestari, Widiyanti Permata., (2016). This scale consists of 15 items with the format of a typical Five-Point Likert Scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree) which divided into three sub-dimensions: trust, customer satisfaction and communication. The Cronbach's alpha score of 0.899. According to Hair, Black, Babin, & Anderson (2014) the level of Cronbach's alpha that needs to achieve the reliability and to be an acceptable study is 0.7. Therefore, the Cronbach's alpha scores for the RMS variables for this research are reliable.

Trust Scale

TS scale has (5) items developed by Chu (2009) and Aydin and Özer, (2005). The data were collected from customer and measured based on five-point Likert scale ranging from 5 = Strongly Agree to 1= Strongly Disagree. The Cronbach's alpha score of 0.896.

Customer Satisfaction Scale

CSS scale has (4) items developed by Mouri (2005). The data were collected from customer and measured based on five-point Likert scale ranging from 5 = Strongly Agree to 1= Strongly Disagree. The Cronbach's alpha score of 0.817.

Communication Scale

Communication scale has (6) items developed by Ruswanti, E., & Lestari, Widiyanti Permata., (2016). The data were collected from customer and measured based on five-point Likert scale ranging from 5 = Strongly Agree to 1= Strongly Disagree. The Cronbach's alpha score of 0.917.

Customer Loyalty Scale

Customer loyalty scale has (10) items developed by Aydin and Özer, (2005). The data were collected from customer and measured based on five-point Likert scale ranging from 5 = Strongly Agree to 1= Strongly Disagree. The Cronbach's alpha value for the CLS was calculated as 0.911. This value is also considered to be reliable. The Cronbach's alpha value for the present study of 25 items was calculated as 0.817 which this value considered to be reliable.

Table 1 The Cronbach's Alpha for Research Variables

Variable Name	Number of Items	Cronbach's alpha
Relationship Marketing	**15**	0.899
Trust	5	0.896
Customer Satisfaction	4	0.817
Communication	6	0.917
Customer Loyalty	10	0.911
Total	**25**	**0.817**

Data Analysis Procedures

After collecting data, SPSS v.25 software was used to analyze the data with the following steps: First, test the reliability of the scale and validity of the questionnaire through Cronbach's alpha coefficient. According to Sekaran and Bougie (2016), Cronbach's alpha indicates that values which greater than 0.70 has high internal consistency in measured the variables and increases reliability. Second, correlation analysis shows how variables are positively related to each other. Table 2 summarizes the correlation coefficient scale. Third, factor analysis was used to find out the principal components to identify whether the factors used in the research can measure the variables and whether the factors used in the questionnaire are related to the variables or not. Hair, Black, Babin, & Anderson (2014) reported that exploratory factor analysis (EFA) is used to explore data and provides information on the number of factors needed to represent data better. Also, all measured or observed variables are related to each factor according to the value of the load estimation factor. The main feature of EFA is that all factors are obtained only from statistical results, not from any theory, and after the factor analysis is performed the factors can be named. In other words, EFA can be analyzed without knowing the number of factors that already present in the research or which variables that belong to which constructs. Finally, regression analysis was applied by using SPSS v25 to test the hypotheses that developed to determine the impact of relationship marketing on customer loyalty in the banking sectors in Rwanda.

Table 2 Correlation Coefficient Scale

Correlation Scale	Description
±0.90 - ± 1.00	Very high positive or negative correlation
±0.70 – ±0.89	High positive or negative correlation
±0.69 - ±0.50	Moderate positive or negative correlation
±0.49 - ±0.30	Low positive or negative correlation
±0.29 - ±0.00	Negligible correlation

Ethical Considerations

This research was conducted taking into account the ethical implication at each stage of the research process. Approval was obtained from the Ethics Committee at Near East University for the research questionnaire before collecting data. This research was designed to meet the ethical principles of voluntary participation, ensuring that participants were not harmed, respecting their right to privacy, anonymity, and self-determination. During this research, participants were introduced to the importance of the research and its purpose, and the participation in this research is voluntary and the data collected during this research has been used for academic research purposes only and may be presented at national/international academic meetings and/or publications and has been treated with strict confidentiality. Also, the information of participants in this research has been guaranteed to be confidential and anonymous.

CHAPTER IV

Research Results

Descriptive Statistics

The aim of this research is to analyze the impact of relationship marketing on customer loyalty in the banking sectors in Rwanda. To achieve this goal, the researcher distributes (424) questionnaire were subjected to (400) valid questionnaire for the purposes of statistical analysis. Table 3 summarize the distribution of the questionnaire on the research sample.

Table 3 The Distribution of The Questionnaire on The Research Sample

	Number	**Ratio**
Distributed questionnaires	424	100%
Questionnaires recovered	416	98%
Non-refunded questionnaires	7	2%
Non-analytical questionnaires	9	2%
Questionnaires under analysis	400	94%

After collecting the questionnaire from the sample, the questionnaire response scale which contains 65 items was translated to a quantitative scale by giving the answer category 5 = Strongly Agree, 4 = Agree, 3 = Neither Agree nor Disagree, 2 = Disagree, 1 = Strongly Disagree. The total scores of the sample respondents for each paragraph were classified as shown in Table 4.

Table 4 The Degree of Approval of the Questionnaire Paragraphs

Likert-Scale	Classification	Description
1	1 – 1.79	Strongly Disagree
2	1.8 – 2.59	Disagree
3	2.6 – 3.39	Neither agree nor Disagree
4	3.4 – 4.19	Agree
5	4.2 – 5	Strongly Agree

The researcher relied on the degree of approval of the questionnaire paragraphs according to Idek et al. (2014)the rule specified in Table 7 that the approval for the paragraph is strongly disagree if the average mean of the paragraph between 1 – 1.79, disagree if the average mean of the paragraph falls between 1.8 – 2.59, neither agree nor disagree if the average mean of the paragraph is between 2.6 – 3.39, agree if the average mean of the paragraph between 3.4 – 4.19, and strongly agree if the average mean of the paragraph between 4.2 – 5.

Relationship Marketing

Table 5 shows the mean scores for the RM and it sub-dimensions items. The respondents' mean scores for the sub-dimensions of RM items range from 2.30 to 4.09. At the same time their standard deviation demonstrated that the items do not present a high deviation from the average mean among items. Where The respondents' mean scores for TR was 3.70, CM was 3.77, and CS was 2.6. Therefore, the respondents' mean scores for RM (overall) as well as each of its dimensions were all above the 3.00 mid-point score. These scores indicate that the customers perceptions of the RM carried out by their organization are satisfactory.

Table 5 The Mean Scores for the RM and It Sub-Dimensions Items

#	Code	Items	Means	STD	Degree of Approval
1.	TR1	This bank is reliable because it is mainly concerned with the consumers' interests.	3.34	1.035	Natural
2.	TR2	The billing system of this bank is trustworthy.	4.07	1.111	Agree
3.	TR3	The reputation of this bank is trustworthy.	3.75	1.062	Agree
4.	TR4	The reputation of this bank is trustworthy.	4.01	1.062	Agree
5.	TR5	The service process provided by this bank is secure.	3.36	1.040	Natural
TR Mean Score			**3.70**	**0.988**	**Agree**
6.	CM1	Relationship Marketing of my bank provides timely information	3.34	1.035	Natural
7.	CM2	Relationship Marketing of my bank provides reliable information	4.07	1.111	Agree
8.	CM3	Relationship Marketing of my bank provides the information if there is a new banking service	3.75	1.062	Agree
9.	CM4	Relationship Marketing of my bank fulfill its promises	4.01	1.062	Agree

10.	CM5	Relationship Marketing of my bank provides information when there is a problem with my transaction	3.36	1.040	Natural
11.	CM6	Relationship Marketing of my bank provides accurate information	4.09	1.110	Agree
CM Mean Score			**3.77**	**1.12**	**Agree**
12.	CS1	I am satisfied with the overall service quality offered by this bank.	2.6	1.088	Natural
13.	CS2	I am satisfied with the professional competence of this bank.	2.30	1.144	Disagree
14.	CS3	I am satisfied with the performance of the frontline employees of this bank.	2.70	1.116	Natural
15.	CS4	I am comfortable about the relationship with this bank.	2.31	1.136	Disagree
CS Mean Score			**2.6**	**0.757**	Natural
RM Scores			**3.40**	**1.00**	**Agree**

Customer Loyalty

Table 6 shows the mean scores for the CL items. The respondents' mean scores for CL items range from 2.22 to 2.94. At the same time their standard deviation demonstrated that the items do not present a high deviation from the average mean among items. Therefore, the respondents' mean scores for CL (overall) was 2.65. These scores indicate that the customers perceptions of the CL carried out by their organization are natural.

Table 6 The Mean Scores for the CL Items

#	Code	Items	Means	STD	Degree of Approval
7.	CL1	I intend to continue using mobile services from this bank for a long time.	2.74	1.170	Natural
8.	CL2	If I want to change a new telecom service, I am willing to continue selecting this bank.	2.91	1.161	Natural
9.	CL3	Even if another bank interest is lower, I will go on using this bank.	2.25	1.042	Disagree
10.	CL4	I am willing to say positive things about this bank to other people.	2.22	1.043	Disagree
11.	CL5	I will encourage friends and relatives to use the services offered by this bank	2.44	1.037	Disagree
12.	CL6	To me, this bank clearly is able to provide the best service.	2.67	1.165	Natural
13.	CL7	I do all banking matters with my bank	2.73	1.206	Natural
14.	CL8	I never thought to be the priority of other bank customers	2.96	1.115	Natural

15.	CL9	I would recommend my bank to others	2.74	1.177	Natural
16.	CL10	Although getting a lower interest rate than other banks, I am not going to move to another bank	2.80	1.218	Natural
CL Scores			**2.65**	**1.00**	**Natural**

Demographic Characteristics of Respondents

Demographic characteristics of respondents that have been captured in this research include 4 different aspects; gender, age, educational level, and marital status. First, gender was measured into two categories of male and female. Second, age which was measured in seven categories having options of less than 25 years, from 25 – 29 years, from 30 – 34 years, from 40 – 44 years, from 45 – 49 years, and more than 50s years. Third, educational level was measured in three categories diploma or below, undergraduate, postgraduate or above. Fourth, marital status which was take in three categories of single, married, and divorced.

Gender

Gender respondents were selected in two categories: male and female. In a data from the banking sectors in Rwanda, the majority of male and female respondents were 70% and 30% respectively. This is consistent with the fact that females are in the banking sectors in Rwanda usually took the role of the family only and the males were responsible to do business and make money for the family. But this has begun to change in the recent past, and now more female workers continue to work even after marriage because of the constantly rising cost of living and low wages for their partners. Table 7 summarize the sample distribution by gender.

Table 7 Sample Distribution by Gender

Variables	Frequency	Percent
Gender		
Male	280	70%
Female	120	30%
Total	400	100%

Age

In the banking sectors in Rwanda data, respondents were of different age groups in a relative distribution as shown in Table 8. The highest representation is respondents who belong to the 30 – 34 years by 34%. The rate of aging between 35 – 39 years was 22%, respondents from 25 – 29 years were 22%%, from 40 – 44 years 9%, from 45 – 49 years 7%, and 6% were more than 50s years.

Table 8 Sample Distribution by Age

Variables	Frequency	Percent
Age		
25-29	87	22%
30-34	134	34%
35-39	88	22%
40-44	38	9%
45-49	30	7%

50 years and more	23	6%
Total	400	100%

Educational Level

The educational level of respondents was measured in three categories as shown below in Table 9. In the banking sectors in Rwanda the highest percentage of respondents who obtained the undergraduate degree is 86%, and postgraduate or above is 14%.

Table 9 Sample Distribution by Educational Level

Variables	Frequency	Percent
Educational Level		
Undergraduate	340	86%
Postgraduate	60	14%
Total	400	100%

Marital Status

The respondents' marital status was obtained using three categories single, married, and divorces. In the banking sectors in Rwanda the respondents who are married 83% and who are single 17%. Table 10 summarize the sample distribution by marital status.

Table 10 Sample Distribution by Marital Status

Variables	Frequency	Percent
Marital Status		
Single	69	17%

Married	331	83%
Total	400	100%

Correlation Analysis

The results of the correlation analysis which indicates that all the five constructs were positively correlated with each other with 0.01 significance value are shown in Table 11. The relationship between RM and CL (*R*= 0.591, p = 0.01) is considered as a significant and moderate positive correlation. The relationship between TR and CL (*R* = 0.817, p = 0.01) is considered as a significant and high positive correlation. The correlation coefficient between CM and CL (*R* = 0.753, p = 0.01) is considered as a significant and high positive correlation. Also, the correlation coefficient between CS and CL (*R* = 0.940, p = 0.01) is considered as a significant and very high positive correlation.

Table 11 Correlations between the variables

	RM	TR	CM	CS	CL
RM	1				
TR	.676**	1			
CM	.655**	.785**	1		
CS	.570**	.805**	.758**	1	
CL	.591**	.817**	.753**	.940**	1

N= 400

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

Hypotheses Testing

The researchers used the regression analysis for SPSS v.25 to test the research hypotheses. This research consists of one main hypothesis and three sub-hypotheses. The relationship for these hypotheses and sub-hypotheses divided as follow:

1. **The Relationship between Relationship Marketing and Customer Loyalty**

   H1: There is a positive impact between relationship marketing and customer loyalty.

   a. **The Relationship between Trust and Customer Loyalty**

      H1a: There is a positive impact between trust and customer loyalty.

   b. **The Relationship between Customer Satisfaction and Customer Loyalty**

      H1b: There is a positive impact between customer satisfaction and customer loyalty.

   c. **The Relationship between Communication and Customer Loyalty**

      H1c: There is a positive impact between communication and customer loyalty.

The Relationship between Relationship Marketing and Customer Loyalty

Hypothesis H_1 posits that RM positively influence CL. As shown in Table 12 the linear regression analysis demonstrated that the path estimates between RM and CL was significant ($F_{(1,398)} = 213.454$, $p < 0.05$, $R^2 = 0.349$). Also, the model coefficient shows that RM were positive and statistically significant to CL ($T_{(398)} = 14.610$, $\beta = .228$, $p < 0.05$). According to the lower and upper bound of the 95% confidence interval if zero falls between them, then the hypothesis will be rejected. If zero falls outside of the interval, then the hypothesis will be accepted. In Table 12 shows that zero does not fall between the lower and upper bound of the 95% confidence interval (LLCI= 0.197, ULCI= 0.258), so the author infers that the effect of RM on CL is significantly different from zero. Therefore, hypothesis H_1 was accepted.

Table 12 Regression analysis of RM on CL

Model Summary							
Model	R	R Square	Change Statistics				
			R Square Change	F Change	df1	df2	Sig. F Change
1	.591	.349	.349	213.454	1	398	.000
a. Predictors: (Constant), RM							

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14415.408	1	14415.408	213.454	.000
	Residual	26878.530	398	67.534		
	Total	41293.938	399			
a. Dependent Variable: CL						
b. Predictors: (Constant), RM						

Coefficients[a]					
Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B

		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	58.030	1.124		51.636	.000	55.821	60.239
	RM	.228	.016	.591	14.610	.000	.197	.258
a. Dependent Variable: CL								

The Relationship between Trust and Customer Loyalty

Hypothesis H_{1a} posits that TR positively influence CL. As shown in Table 13 the linear regression analysis demonstrated that the path estimates between TR and CL was significant ($F_{(1,398)}$ = 797.401, p< 0.05, R^2= 0.667). Also, the model coefficient shows that TR were positive and statistically significant to CL ($T_{(398)}$ =28.238, β = .991, p < 0.05). According to the lower and upper bound of the 95% confidence interval if zero falls between them, then the hypothesis will be rejected. If zero falls outside of the interval, then the hypothesis will be accepted. In Table 13 shows that zero does not fall between the lower and upper bound of the 95% confidence interval (LLCI= 0.992, ULCI= 1.059), so the author infers that the effect of TR on CL is significantly different from zero. Therefore, hypothesis H_{1a} was accepted.

Table 13 Regression analysis of TR on CL

Model Summary							
Model	R	R Square	Change Statistics				
			R Square Change	F Change	df1	df2	Sig. F Change
1	.817	.667	.667	797.401	1	398	.000

a. Predictors: (Constant), TR

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	27545.428	1	27545.428	797.401	.000
	Residual	13748.510	398	34.544		
	Total	41293.938	399			

a. Dependent Variable: CL

b. Predictors: (Constant), TR

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	34.195	1.416		24.147	.000	31.411	36.979
	TR	.991	.035	.817	28.238	.000	.922	1.059

a. Dependent Variable: CL

The Relationship between Customer Satisfaction and Customer Loyalty

Hypothesis H_{1b} posits that CS positively influence CL. As shown in Table 14 the linear regression analysis demonstrated that the path estimates between CS and CL was significant ($F_{(1,398)}$ = 3028.526, p< 0.05, R^2= 0.884). Also, the model coefficient shows that CS were positive and statistically significant to CL ($T_{(398)}$ =55.032, β = 1.831, p < 0.05). According to the lower and upper bound of the 95% confidence interval if zero falls between them, then the hypothesis will be rejected. If zero falls outside of the interval, then the hypothesis will be accepted. In Table 14 shows that zero does not fall between the lower and upper bound of the 95% confidence interval (LLCI= 1.765, ULCI= 1.896), so the author infers that the effect of CS on CL is significantly different from zero. Therefore, hypothesis H_{1b} was accepted.

Table 14 Regression analysis of CS on CL

Model Summary							
Model	R	R Square	Change Statistics				
			R Square Change	F Change	df1	df2	Sig. F Change
1	.940	.884	.884	3028.526	1	398	.000
a. Predictors: (Constant), CS							

ANOVA^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	36497.538	1	36497.538	3028.526	.000
	Residual	4796.399	398	12.051		

	Total	41293.938	399			
a. Dependent Variable: CL						
b. Predictors: (Constant), CS						

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	5.321	1.248		4.265	.000	2.868	7.773
	CS	1.831	.033	.940	55.032	.000	1.765	1.896
a. Dependent Variable: CL								

The Relationship between Communication and Customer Loyalty

Hypothesis H_{1c} posits that CM positively influence CL. As shown in Table 15 the linear regression analysis demonstrated that the path estimates between CM and CL was significant ($F_{(1,398)}$ = 521.624, p< 0.05, R^2= 0.567). Also, the model coefficient shows that CM were positive and statistically significant to CL ($T_{(398)}$ =22.839, β = 1.212, p < 0.05). According to the lower and upper bound of the 95% confidence interval if zero falls between them, then the hypothesis will be rejected. If zero falls outside of the interval, then the hypothesis will be accepted. In Table 15 shows that zero does not fall between the lower and upper bound of the 95% confidence interval (LLCI= 1.107, ULCI= 1.316), so the author infers that the effect of CM on CL is significantly different from zero. Therefore, hypothesis H_{1c} was accepted.

Table 15 Regression analysis of CM on CL

Model Summary

Model	R	R Square	Change Statistics				
			R Square Change	F Change	df1	df2	Sig. F Change
1	.753	.567	.567	521.624	1	398	.000

a. Predictors: (Constant), CM

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23422.511	1	23422.511	521.624	.000
	Residual	17871.426	398	44.903		
	Total	41293.938	399			

a. Dependent Variable: CL

b. Predictors: (Constant), CM

Coefficients[a]

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B

		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	30.790	1.892		16.276	.000	27.071	34.509
	CM	1.212	.053	.753	22.839	.000	1.107	1.316
a. Dependent Variable: CL								

Overview of Hypotheses Testing

Table 16 Overview of Hypotheses Testing

	Linkage	R^2	***P***	β	**Hypotheses Acceptance**
H_1	RM --▶ CL	.349	0.000	.228	Accepted
H_1a	TR --▶ CL	.667	0.000	.991	Accepted
H_1b	CS --▶ CL	.884	0.000	1.831	Accepted
H_1c	CM --▶ CL	.567	0.000	1.212	Accepted

CHAPTER V

Discussion and Conclusion

Discussion

The amount of research about the RM and its impact on CL in the banking sectors in Rwanda is limited. Accordingly, the current study aimed at classifying this issue in the literature by empirically examining This research aims to check the impact of relationship marketing on customer loyalty in the banking sectors in Rwanda.

The results showed that the relationship between RM and CL is at 34.9%. This indicated that RM has a very weak relationship but positively significant to CL. It implies that to create a loyalty system, the banks should impose a set of attitudes and behaviors deeply embedded in the metabolism of the organization. This system needs to engage employees by instilling loyalty disciplines. To run the relational marketing tactics, it needs qualified employees. Therefore, this research recommends the banking sector in Rwanda to develop training programs to introduce and reinforce customer loyalty. It is important that employees understand what service skills they need to bring to the job to earn a top score of 10. Also, managers and supervisors need to provide ongoing, real-time feedback and coaching on their customer-service skills. Moreover, employee engagement should be built in a work environment grounded in openness and trust. The organization needs to create forums and communication channels that allow employees' voices to be heard. Finally, employees need to be inspired to continue to lift their performance. Positive customer feedback and testimonials from satisfied customers provide countless stories to celebrate and share throughout the organization (Bijen, 2017; Levin, 2019; Özsaçmacı & Dursun, 2020).

The results showed that the relationship between TR and CL is at 66.9%. This indicated that TR has a moderate and positive relationship with CL. Trust is an important ingredient in firm-customer relationships and ultimately in the development of loyalty, in Rwanda and elsewhere. Therefore, banks should strive to win customers' trust. The ways in which this can be achieved include the giving and keeping promises to customers, showing concern for the security of transactions, providing quality services, showing respect for customers through front-line staff, fulfilling obligations, and acting to build customers' confidence in the bank and its services. These findings are in line with the studies of Singh and Sirdesmukh (2000), Chiou and Droge (2006), Bowen and Chen (2001), Guenzi and Pelloni (2004), Ball, Coelho, and Machas (2004). The satisfied customers are positively becoming loyal customers. The same thing will happen for the banks have successfully gotten trust from their customers. The loyal customers will guarantee the banks sustainability life. As demonstrated in prior findings, for bank customers, having a relationship of trust with their financial institution is more important than getting the best value for money (Coulter and Coulter, 2003). In other words, trustworthiness is the key of any kind of businesses. It may seem obvious, but since the study shows that trust are the key drivers of customer loyalty, subsequently the key message for the banks is to get their service right, meet the very essential customer need, use active listening then act upon it, manage the corporate brand reputation effectively, and use social networks better. By meeting these basic requirements optimally, the bank could expect their trust that led to customer loyalty (Kassim and Abdullah, 2008; Kishada and Wahab, 2013).

The results showed that the relationship between CS and CL is at 88.4%. This indicated that CS has a high and positive relationship with CL. Customer satisfaction as a critical factor in building customer loyalty, consisting in this study of accommodating to customers' needs, tailoring products to requirements, and being generally flexible in their customer relationships. Banks should recognize the potency of service commitment in keeping loyal customers, and act accordingly. They must show genuine commitment to customer relations, not lip service. Satisfied customers form the foundation of any successful business as customer satisfaction leads to repeat purchase, brand loyalty, and positive word of mouth. This is because customer satisfaction must lead to customer loyalty. Building customer loyalty is not a choice any longer with businesses: it's the only way of building sustainable competitive advantage. Building loyalty with key customers has become a core marketing objective shared by key players in all industries catering to business customers. Loyalty is vulnerable because even if the customers are satisfied with the services rendered by the financial institutions, there is always an element of defect if they think they can get better value for money in other institutions. Satisfaction is essential but not enough to gauge loyalty among customers. In other words, the banks can have customer satisfaction without loyalty but it is difficult to comprehend having loyalty without satisfaction. Therefore, all organizations should try and satisfy their customers and to ensure their loyalty (Hoyer & MacInnis 2001; Bowen & Chen 2001; Bansal & Gupta 2001).

The results showed that the relationship between CM and CL is at 56.7%. This indicated that CM has a moderate and positive relationship with CL. Effective communication predisposes customers to stay with a provider of banking services. Loyalty can be nurtured by providing timely and reliable information, for example about the uses and benefits of new banking services or about the status of transactions. It can also be reinforced by the provision of honest information on what the bank is doing about existing problems and what it does to forestall potential ones. Also, customers tend to be loyal to banks that handle customer complaints (which will always happen, regardless) and other conflicts satisfactorily. It is therefore important that effective conflict resolution mechanisms are not only in place but are proactive, so as to pre-empt potential sources of conflict and address them before problems become manifest. Effective reactive solutions should also be marshalled decisively and in time to resolve problems and protect customers from avoidable losses. Sometimes, what may cause a customer to defect is not so much the occurrence of a problem as how it is handled. Banks should be willing to discuss problems openly with their customers (Ranjbarian & Berari, 2009; Alrubaiee & Al-Nazer, 2010).

To sum up the findings: the greater the trust in the bank, the higher the level of the bank's commitment, the more reliable and timelier its communications and the more satisfactorily it handles conflicts, the more loyal its customers will tend to be.

Conclusion

This research aims to check the impact of relationship marketing on customer loyalty in the banking sectors in Rwanda. This study reaffirms the importance of customer loyalty. In banking industry, customer loyalty not only makes a plat form where the customer is ready to stay maximum time with the organization and causes long-term benefit, but also provides a name of inspiration with the company products or services. It is important to banks to optimize the technology usage, both in the way that banks analyze customer data internally and the way they communicate information to their customers. When analyzing client activity, banks could use the technology to predict the trends rather than simple shifts in volumes. By applying smart systems, which automatically generate market news on customer financial performance and new ventures, banks could generate possible avenues for new banking solutions. Therefore, banks should create and use customer reporting as a result of a focus on relationship marketing.

Theoretically, the outcome of this research provides empirical evidence for the influence on customer loyalty of three underpinnings of relationship marketing: trust, customer satisfaction and communication. This research adds value to the literature by empirically linking a more comprehensive list of determinants to the dependent variable. It builds on past studies in this area, which had either investigated an incomplete list of potential underpinnings (Ndubisi, 2004; Wong and Sohal, 2002) or related them to relationship quality (Wong and Sohal, 2002) and customer satisfaction (Ndubisi and Chan, 2005) without taking into account the ultimate goal of any service provider, which is to build loyal customers.

As for the practical implications of the study, a first conclusion is that banks wishing to retain and develop loyal customers should be trustworthy and committed to the service ethic, should communicate timely and accurately, and must resolve conflicts in a manner that will eliminate unnecessary loss and inconvenience to customers. It has been suggested (Ndubisi, 2004) that loyal customers are valuable communicators of favorable word-of-mouth about organizations or products to which they feel loyal. As evangelists, they can attract new customers for the organization and may even increase their own consumption collectively to the benefit of its sales, revenue and profit. Loyalists can also serve as useful sources of new product ideas.

Recommendation

Based on the research findings, the following recommendations were made.

1. The satisfaction of the customers is a very much important factor that not only forces the customers to remain loyal with the organization but also proves as a marketing mechanism through which other people are attracted towards the

organization. The word of mouth of a satisfied customer probability has more worth than any other advertising channel.

2. Financial institutions personnel should create more friendly relationship with their customers.
3. The environment should be conducive and enabling. More so, it should be attractive and decent.
4. There should be continuous high quality delivery service. This will add to the value of satisfaction received by customers.
5. Personnel in the customer care service section of the financial institution should be friendly and create a friendly relationship with their customers.
6. There should be seminars for members of staff on the need to improve their relationship with customers, and also on the importance of customer satisfaction as a vital tool for creating and improving customer loyalty.

Limitation and Future Research

There are some limitations and opportunities for future studies. Firstly, the data for the present research was collected from only the banking sectors in Rwanda, so it is not clear whether the relationship between RM and CL is the same in other countries. Secondly, there is a possibility of bias in the conventional method of answering all questions. Although we did not statistically find the problems of the method prevalent in this research, they cannot be excluded entirely. Thirdly, this research is conducted using cross-sectional data. This data can only at a specific time, reveal the total impact that predictor variable has towards a particular criterion variable. Thus, a longitudinal study should be carried out instead, to provide more data which are useful from respondents. This research has demonstrated that measurement of the "underpinnings" of relationship marketing can predict customer loyalty, at least in the banking sectors in Rwanda. Therefore, researchers and strategists aiming to nurture loyal customers should pay close attention to issues of trust, customer satisfaction and communication. The research reported here has not delved into the possible influences of socio-demographic factors on the relationship between relationship marketing initiatives and customer loyalty. Earlier studies have suggested that women tended to be more loyal than men (Ndubisi, 2005), and older people more so than younger age groups. Moreover, there is the tendency for higher-income customers to receive better attention from banks, at least in the banking sectors in Rwanda, because of their higher net worth and the larger volume of business they generate for banks. This could make them more loyal than other customers. Future research studies might fruitfully investigate such moderating influences.

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Appendix X

Questionnaire

Near East University

Faculty of Economics and Administrative Science

Department of International Business

Dear Responder,

This questionnaire aims to complete a study conducted by the researcher under the title, **The Impact of Relationship Marketing on Customer Loyalty in The Banking Sector of Rwanda.** Please fill this questionnaire that designed to conduct the study. All data has will be for scientific research purposes and will treated with strict confidentiality.

Thank you for your cooperation

Researcher

<u>Please answer the questions by placing a (X) next to the answer that suits you.</u>

1. Gender

Male ☐ Female ☐

2. Age

Under 18 ☐ From 18 - 30 ☐ From 31 - 40 ☐

From 41 - 50 ☐ From 51 - 60 ☐ More than 60s ☐

3. Educational level

Diploma ☐ Bachelor ☐ Master ☐ PhD ☐

4. Marital Status

Single ☐ Married ☐

<u>Please answer the questions by placing an (X) next to the answer you think is appropriate for you.</u>

#	Items	Strongly disagree 1	Disagree 2	Neither agree/ nor disagree 3	Agree 4	Strongly agree 5
	Relationship Marketing					
	Trust					
5.	This bank is reliable because it is mainly concerned with the consumers' interests.					
6.	The billing system of this bank is trustworthy.					
7.	The reputation of this bank is trustworthy.					
8.	The reputation of this bank is trustworthy.					
9.	The service process provided by this bank is secure.					
	Customer Satisfaction					
10.	I am satisfied with the overall service quality offered by this bank.					
11.	I am satisfied with the professional competence of this bank.					
12.	I am satisfied with the performance of the frontline employees of this bank.					
13.	I am comfortable about the relationship with this bank.					

#	Items	Strongly disagree 1	Disagree 2	Neither agree/ nor disagree 3	Agree 4	Strongly agree 5
	Communication					
14.	Relationship Marketing of my bank provides timely information					
15.	Relationship Marketing of my bank provides reliable information					
16.	Relationship Marketing of my bank providesthe information if there is a new banking service					
17.	Relationship Marketing of my bank fulfill its promises					
18.	Relationship Marketing of my bank provides information when there is a problem with my transaction					
19.	Relationship Marketing of my bank provides accurate information					
	Customer Loyalty					
20.	I intend to continue using mobile services from this bank for a long time.					
21.	If I want to change a new telecom service, I am willing to continue selecting this bank.					
22.	Even if another bank interest is lower, I will go on using this bank.					
23.	I am willing to say positive things about this bank to other people.					
24.	I will encourage friends and relatives to use the services offered by this bank					
25.	To me, this bank clearly is able to provide the best service.					
26.	I do all banking matters with my bank					
27.	I never thought to be the priority of other bank customers					
28.	I would recommend my bank to others					
29.	Although getting a lower interest rate than other banks, I am not going to move to another bank					

TURNITIN SIMILARITY REPORT

The Impact of Relationship Marketing on Customer Loyalty in The Banking Sector of Rwanda

by Cedrick Mukunzi 20204295

Submission date: 03-Mar-2022 10:50AM (UTC+0200)
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The Impact of Relationship Marketing on Customer Loyalty in The Banking Sector of Rwanda

ORIGINALITY REPORT

14%	7%	13%	%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	www.tandfonline.com Internet Source	6%
2	Rizan, Mohamad, Ari Warokka, and Dewi Listyawati. "Relationship Marketing and Customer Loyalty: Do Customer Satisfaction and Customer Trust Really Serve as Intervening Variables?", Journal of Marketing Research and Case Studies, 2014. Publication	4%
3	Nelson Oly Ndubisi. "Relationship marketing and customer loyalty", Marketing Intelligence & Planning, 2007 Publication	3%
4	Chinanu Ogbunamiri, Agu Godswill Agu. "Drivers of Customer Loyalty in the	1%

ETHICAL COMMITTEE APPROVAL

YAKIN DOĞU ÜNİVERSİTESİ

BİLİMSEL ARAŞTIRMALAR ETİK KURULU

08.03.2022

Dear Cedrick Mukunzi

Your application titled **"The Impact of Relationship Marketing on Customer Loyalty in The Banking Sector of Rwanda"** with the application number NEU/SS/2022/1194 has been evaluated by the Scientific Research Ethics Committee and granted approval. You can start your research on the condition that you will abide by the information provided in your application form.

Assoc. Prof. Dr. Direnç Kanol

Rapporteur of the Scientific Research Ethics Committee

Direnc Kanol

Note: If you need to provide an official letter to an institution with the signature of the Head of NEU Scientific Research Ethics Committee, please apply to the secretariat of the ethics committee by showing this document.