

The Impact of Relationship Management on Customer Loyalty in the Banking Sector: A Case Study of POSB

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ABSTRACT

The purpose of the study was to investigate how relationship management affected customer loyalty in Zimbabwe's banking industry using POSB as a case study. The study was specifically designed to investigate how strategy affects POSB affinity, how technology affects POSB customer satisfaction, and how people affect POSB customer attachment. The study also aimed to ascertain how organizational procedures affected POSB's ability to foster trust. To generalize the findings and apply them outside of the context in which the study was conducted, the study used a combination of quantitative and qualitative research methods. Data from the respondents were gathered via structured surveys and interviews. Version 29 of the Statistical Package for Social Sciences (SPSS) was used to compile, code, and enter the gathered data. The researcher distributed questionnaires to 330 clients. A total of 323 completed questionnaires were returned, indicating a 97.87% overall response rate. The study found that many clients believed that POSB informed them of the precise time when services would be rendered. The study also found a strong positive correlation between affinity and strategy, shown by Pearson's product moment correlation coefficient ($r = 0.766$). The study also revealed a moderately positive association between people and attachment, as indicated by Pearson's product moment correlation coefficient ($r = 0.679$). It can be inferred that consumers' perceptions of a brand are influenced by its promotion of a sense of brand belonging and customer attachment. The study also found a significant positive correlation between technology and satisfaction, as indicated by the Pearson's product moment correlation coefficient ($r = 0.718$). Lastly, the study found a strong positive relationship between trust and organizational processes, as indicated by the Pearson's product moment correlation coefficient ($r = 0.823$). The study concluded that strategy reduces brand switching and boosts consumer affinity and sales. The study also concluded that technology increases customer satisfaction, educates consumers about new brands in the market, and encourages brand competitiveness. The study also concluded that organizational processes foster a sense of brand belonging, enhance brand image, and build customer trust.

Keywords: Relationship Management, Customer Loyalty, Banking Sector, POSB

INTRODUCTION

In today's global banking environment, financial institutions are competing intensively for market share amid rapidly changing customer expectations (Kumar & Srivastava, 2019). According to Malik (2015), customers respond to quality relationship management practices (trust, commitment, communication, and conflict handling) through increased loyalty to a firm and its products. This observation is supported by Rootman et al. (2016), who found that relationship banking significantly influences customer retention in financial institutions. Akintude and Akaighe (2016) highlighted a concerning trend of declining customer loyalty in banks, particularly in emerging markets. In Zimbabwe, this challenge became particularly acute during the hyperinflation and dollarization era of 2008-2009 (Makoni, 2018). Ndubisi and Nataraajan (2018) assert that the competitive nature of the banking sector is driving financial institutions toward innovation in customer retention strategies. According to Thakur (2019), banks have recognized that maintaining relationships with existing clients is more cost-effective than acquiring new customers, with retention costs estimated at five times lower than acquisition costs.

Marica and Balaceanu (2020) emphasize that bank managers operating in regulated and complex environments must understand the crucial relationship between customer loyalty, profitability, and market share. Indeed,

relationship management has evolved into a strategic tool for organizations, not only for improving profit margins but also for enhancing brand image and customer retention (Gummesson, 2017). This view is reinforced by Sayani (2020), who found that effective relationship management in retail banking leads to increased customer satisfaction and reduced switching behaviour. Recent empirical research by Al-Dmour et al. (2019) in the banking sector revealed that institutions implementing comprehensive relationship management programs achieved significant improvements in customer retention metrics. These findings align with Tauni et al. (2020), who documented those banks investing in customer relationship management (CRM) technologies showed marked improvements in customer satisfaction scores. Additionally, Santouridis and Veraki (2017) demonstrated that personalized communication strategies and proactive problem resolution were key drivers in building long-term customer loyalty in the financial services sector.

Statement of the Problem

Since 2008, People's Own Savings Bank (POSB) has faced declining depositor confidence across Zimbabwe due to inflation, insecure savings, and inconsistent government policies. Currently, the bank primarily serves civil servants and pensioners accessing their modest allowances. Given that banks in Zimbabwe offer similar products and services, POSB needs to develop exceptional customer relationship strategies to create customer intimacy and build confidence levels that will promote sustainable growth and profitability to capture a larger market share. To gain a competitive advantage, POSB must establish outstanding customer relations and foster loyalty that promotes committed stakeholder relationships, ultimately leading to increased profit and growth. Research has demonstrated that a bank's success largely depends on maintaining high-quality customer relationships, which directly influence customer loyalty (Belas & Gabčová, 2017; Ladhari, Ladhari & Morales, 2018). The aim of this study is to investigate POSB's relationship marketing dimensions, specifically technology, strategy, processes, and people, to assess whether these dimensions have effectively strengthened customer loyalty. To facilitate this investigation, the study addresses the following research question: What is the impact of relationship management on customer loyalty at POSB?

Research Objective

1. To examine the effect of strategy on affinity at POSB.
2. To determine the impact of technology on customer satisfaction at POSB.
3. To establish the influence of people on customer attachment at POSB
4. To determine the effects of organisational processes on building trust at POSB

Research questions

1. What is the significance of strategy on customer affinity at POSB
2. How does the development of technology impact on customer satisfaction at POSB?
3. Why people have an influence on customer attachment at POSB?
4. What are the effects of organisational processes on building customer trust at POSB?

Conceptual framework

Based on the research question, a conceptual model has been developed. This model introduces new constructs in banking sector relationship management, establishing that customer loyalty is a function of trust, attachment, satisfaction, and affinity, with demographic factors serving as moderating variables. Relationship management aims to identify, develop, and enhance profitable relationships with clients and stakeholders while ensuring mutual satisfaction of objectives (Sin et al., 2005). The theory suggests that successful relationship management

results from specific aspects of corporate relationships that characterize effective relational exchanges (Hunt, Arnett, & Madhavaram, 2005). Lastly, relationship management competence is defined as an organization's ability to identify, develop, and manage cooperative relationships with key clients, characterized by trust, attachment, affinity, and satisfaction (Arnett & Badrinarayanan, 2005).

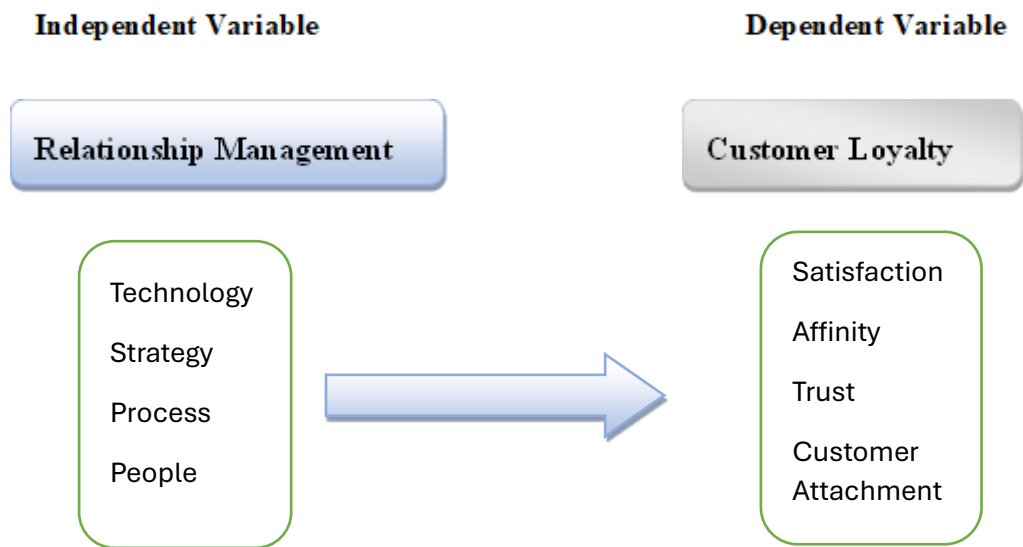


Figure 1: Conceptual Framework

RESEARCH METHODOLOGY

The study adopted a positivist research philosophy with a deductive approach, implementing a causal research design to investigate the impact of relationship management on customer loyalty at POSB. From a target population of 2,000 POSB Causeway customers, a sample size of 323 respondents was determined using Cooper and Schindler's (2014) sample size determination table at a 5% significance level. The research employed both quantitative and qualitative methods, with simple random sampling used for customers to ensure unbiased representation and purposive sampling for managers to capture expert insights. The study distributed 330 questionnaires and conducted interviews with two key managers (branch and retail). To ensure research quality, the instruments' reliability was validated using Cronbach's alpha coefficient, while validity was established through expert opinion, peer reviews, and pilot testing with 10 respondents. The questionnaires utilized a five-point Likert scale ranging from 'strongly disagree' to 'strongly agree,' while structured interviews were conducted to gather in-depth managerial perspectives.

Data analysis was comprehensively executed using SPSS version 29, employing multiple analytical techniques including descriptive statistics, Pearson's correlation analysis, and multiple regression analysis at a 95% confidence interval. The data collection process, which occurred between November 24 and December 22, 2021, was facilitated by research assistants including security guards and bank tellers to ensure efficient data gathering. The study utilized both primary and secondary data sources, with primary data collected through questionnaires and interviews, while secondary data was gathered from journals, textbooks, POSB documentation, and website materials. The research instruments were designed to measure various aspects of relationship management dimensions (technology, strategy, people, and process) and their impact on customer loyalty components (trust, attachment, satisfaction, and affinity). Statistical analysis included nominal data examination using percentages and frequency distributions for socio-demographic information, while means and standard deviations were employed to analyse questionnaire responses, culminating in a robust analysis of the relationship between relationship management practices and customer loyalty at POSB.

DATA PRESENTATION, ANALYSIS AND DISCUSSION

The study achieved a high response rate of 97.87% from 330 distributed questionnaires, with 323 respondents providing valid responses. The demographic profile revealed a gender distribution of 55.72% male and 44.27%

female respondents, while work experience data showed that 38.7% of respondents had over 10 years of experience, followed by 31.58% with 6-10 years, indicating a mature customer base. Educational levels were predominantly diploma holders (44.89%) and certificate holders (24.77%), suggesting an educated customer base capable of understanding relationship management concepts. The reliability analysis using Cronbach's alpha demonstrated strong internal consistency across all constructs: satisfaction (.833), attachment (.824), affinity (.762), and trust (.758), all exceeding the acceptable threshold of 0.7. Furthermore, the validity test using Average Variance Extracted (AVE) confirmed both discriminant and convergent validity with all constructs showing values above 0.5, ranging from 0.623 for attachment to 0.695 for both satisfaction and trust, thereby establishing the robustness of the research instruments

The Effect of Strategy on Affinity at POSB.

The purpose of the study was to investigate how strategy affected affinity at POSB. Affinity-related questions were posed to the respondents. The findings of the descriptive statistics are displayed in Table 1

Table 1: Descriptive Statistics on Affinity

	N	Min	Max	Mean	Std. Deviation
1.Better brand awareness	323	2	5	4.35	.617
2.Strategy increase repeated promotes market share	323	3	5	4.43	.606
3.affinity and sales	323	2	5	3.91	.910
4.Customer affinity reduces brand switching	323	1	5	3.82	1.036

The means of the answers to the questions are 4.35, 4.43, 3.91, and 3.82, according to the table above. Every mean is higher than the average of 3, indicating that more than 50% of respondents agreed with the assertions on investigation on how strategy affected affinity at POSB. It can be noted that with affinity there is improved market share at POSB. This is supported by literature found in chapter two where Darrel Orsmond (2020) in the South African Banking sector suggested that investment in affinity is in crucial areas which are connectivity, data-driven intelligence, operational performance, and financial insight which should be prioritized by banks if they want to win the affinity issues. The link between the variables was another goal of the investigation. The findings of the correlation analysis are displayed in Table 2.

Table 2: Correlation Between Strategy and Affinity at POSB

		Strategy	Affinity
Strategy	Pearson Correlation	1	.766**
	Sig. (2-tailed)		.000
	N	323	323
Affinity	Pearson Correlation	.766**	1
	Sig. (2-tailed)	.000	
	N	323	323

Table 2 shows that strategy has a significant correlation with customer affinity ($r = 0.766$, $p < 0.01$), while technology demonstrates a strong positive relationship with customer satisfaction ($r = 0.718$, $p < 0.01$). The data further reveals that people/personnel have a moderate positive correlation with customer attachment ($r = 0.679$, $p < 0.01$), and organizational processes exhibit the strongest positive relationship with customer trust ($r = 0.823$, $p < 0.01$). All correlations are statistically significant at the 1% level, indicating that each relationship management dimension has a meaningful impact on its corresponding customer loyalty component. These results suggest that among all relationship management dimensions, organizational processes have the strongest influence on customer loyalty through trust-building, followed by strategy's impact on affinity, technology's effect on satisfaction, and people's influence on customer attachment. Affinity is more about brand identity than specific items and services. Regarding interviews, the following was noted:

“With affinity there will be a rise in profitability and a fall in customer management expenses. Affinities are the emotional or personal bonds that customers develop with a specific product or company.”

Successful banks can develop customer affinities that accelerate a brand's growth. This has helped POSB in sorting out marketing campaigns in which the collaborated to provide goods or services to access new markets and increase the customer base.

The impact of technology on customer satisfaction at POSB

The study wanted to know how technology at POSB affected customer satisfaction. Inquiries regarding client satisfaction were made. Table 3 displays the results of the respondents' descriptive statistics.

Table3: Descriptive Statistics on Customer Satisfaction

	N	Min	Max	Mean	Std. Deviation
1.Technology influences the perspective of customers on a brand	323	1	5	3.96	.921
2. customer loyalty	323	2	5	3.71	.931
3.Technology promotes brand competitiveness	323	1	5	3.21	.890
4.Technology educates customers on new brands in the market	323	1	5	3.90	.883
5.Customer satisfaction is improved by technology	323	2	5	3.84	.908

The means of the answers to the questions are 3.96, 3.71, 3.21, 3.90, and 3.84, as shown in table 3. All means are greater than the average 3, indicating that more than half of respondents agreed with the customer satisfaction claims. This demonstrates how technology has improved customer loyalty by promoting inclusivity in the market, allowing everyone to access POSB's services. This has helped to increase POSB's competitiveness in the banking sector. The findings support Neal and Rijkenberg's (2018/2019) assertion that Eswatini Bank used its own resources to implement new technological advancements and improve its technology systems, resulting in increased customer satisfaction. The investigation also sought to establish a link between the variables. Table 4 displays the correlation analysis results.

Table 4. Correlation Between Technology and Customer Satisfaction

		Technology	Customer Satisfaction
Technology	Pearson Correlation	1	.718**
	Sig. (2-tailed)		.000
	N	323	323
Customer Satisfaction	Pearson Correlation	.718**	1
	Sig. (2-tailed)	.000	
	N	323	323

Since the p value of .000 is less than .01, $p < 0.01$ and the Pearson's product moment correlation coefficient ($r = .718$) confirms the findings of table 4.10 above, technology and satisfaction have a significant positive relationship. This is consistent with the findings of Kanagaluru Sai Kumar (2012), who found that changes in information technology, telecommunications, and internet use created the conditions for the conversion of relationship-focused operations into customer satisfaction. From interviews it was noted that.

“For banks to provide better services to their customers in a secure, dependable, and affordable manner and maintain a competitive advantage over other bank.”,

It can be noted that sophisticated information and communication technologies, along with computer science, are used in the banking sector by POSB as it aids in reaching out to many customers.

The influence of people on customer attachment at POSB

The purpose of the study was to determine how people affected consumer attachment at POSB. Questions regarding customer attachment were posed to the respondents. The findings of the descriptive statistics are displayed in Table 5 Below:

Table5: Descriptive Statistics on Attachment

	N	Min	Max	Mean	Std. Deviation
1. Company performance is increased by organisation employees(people)	323	2	5	3.54	.921
2. Customer attachment increases retention and loyalty	323	2	5	3.78	.844
3. People promotes a sense of brand belonging	323	2	5	3.59	.885
4. Customer attachment influences the perspective of customers on a brand	323	2	5	3.75	.780

The means of the answers to the questions are displayed in table 4.9 above and are 3.54, 3.78, 3.59, 3.75, and 3.85. The fact that all means are higher than the median 3 indicates that more than 50% of respondents agreed with the statements in the questionnaire on attachment. It can be noted that the POSB's performance is increased by organisation employees (people). The findings support Parvatiyah and Sheth's (2000) assertion that a bank's employees play a key role in dealing with clients, taking and handling their inquiries, orders, and complaints whether in person, over the phone, through online chat, on social media, or in person. The link between the

variables was another goal of the investigation. The findings of the correlation analysis are displayed in the following table.

Table 6: Correlation Between People and Attachment

		People	Attachment
People	Pearson Correlation	1	.679**
	Sig. (2-tailed)		.001
	N	323	323
Attachment	Pearson Correlation	.679**	1
	Sig. (2-tailed)	.001	
	N	323	323

From the findings of the Table 6 above, Pearson's product moment correlation coefficient $(r) = .679$ shows that there is a moderate positive relationship between people and attachment since the p value of .001 is less than .01 $p < 0.01$. This is in line with the findings of Shalom Levy and Hayiel Hino (2016) that there is a direct positive association between customer attachment and people that arises from the link between customer pleasure. From interviews, it was noted that.

"Employees engage with consumers and turn into the public face of the bank. It is important to maximize their understanding of how to use the bank's products and services, their access to pertinent information, and their general demeanour and outlook."

If employees are truly driven to produce high-quality work that meets customer needs, then achieving the POSB's goals should also increase the employees' sense of fulfilment. By having more staff attachment, the business will be able to better communicate its great culture to its customers.

The effects of organisational processes on building trust at POSB

The purpose of the study was to ascertain how organizational processes affected POSB's efforts to foster trust. Questions regarding trust were posed to the respondents. The findings of the descriptive statistics are displayed in Table 7

Table7: Descriptive Statistics on Trust

	N	Min	Max	Mean	Std. Deviation
1.Organizational process improves customer retention	323	2	5	4.12	.744
2. Organizational process improves customer satisfaction	323	2	5	3.75	.920
3. Organizational process ignites sense of belonging to the brand	323	2	5	3.93	.719
4. Organizational process improves brand image	323	2	5	3.84	.822
5.Customer trust is promoted by organizational process	323	1	5	3.76	.883

The means of the answers to the questions are 4.12, 3.75, 3.93, 3.84, 3.76, and 3.72, as shown in table 4.11 above. The fact that all means are higher than the average 3 indicates that the statements from the questionnaire on trust were agreed upon by more than 50%. It can be noted that there is a strong correlation between client trust and POSB processes This supports the claims made by Esterik-Plasmeijer, Pauline, and van Raaij (2017), who claimed that data gathered in the Netherlands had been used to measure how well banks handled customer

trust. Trust was found to be most strongly influenced by integrity. Additionally, the researcher tried to figure out how factors related to one another. The findings of the correlation analysis are displayed in the following table.

Table 8: Correlation Between Organizational Processes and Trust

		Organizational Processes	Trust
Organizational Processes	Pearson Correlation	1	.879**
	Sig. (2-tailed)		.001
	N	323	323
Trust	Pearson Correlation	.879**	1
	Sig. (2-tailed)	.001	
	N	323	323

From the findings of the table above, Pearson's product moment correlation coefficient (r) =.823 shows that there is a moderate positive relationship between organizational processes and trust since the p value of .000 is less than .01 $p < 0.01$. This is in line with the findings of Bergeron & Rajaobelina (2009) that due to prior positive experiences with the service provider, customer trust helps to develop consumer commitment to them. From the interviews, it was noted that.

"Customer trust is developed by keeping promises, giving assurances, being transparent, and providing proactive service consistently."

The findings from the interviews indicate that POSB has been building customer trust hence the number of the affiliates to the bank. There is a connection between process and customer trust, but that to gain customers and expand the business, one should earn their trust by offering them solutions. Rahaman et al. (2018), asserted that customer satisfaction of the private commercial banks in Bangladesh and findings from their study revealed that, one of the primary causes of customer satisfaction failure was the lack of understanding of the evolving need and preferences of targeted customers. Kasim and Soiden (2017) demonstrated that organisational processes had a direct relationship with the trust of the customer in the banking industry. Kiprotich et al (2014) that it is important to consider customers as there was strong relationship between people and customer attachment.

DISCUSSION OF FINDINGS

The study's findings revealed significant relationships between relationship management dimensions and customer loyalty at POSB, with demographic data showing a predominantly male customer base (55.72%) and high education levels (69.66% having diplomas or higher qualifications). The research uncovered four key correlations between relationship management dimensions and customer loyalty components: strategy demonstrated a strong positive relationship with customer affinity ($r = 0.766$, $p < 0.01$), supported by customers' genuine belief in the brand rather than convenience; technology showed a significant positive correlation with customer satisfaction ($r = 0.718$, $p < 0.01$), evidenced by improved service delivery and market equality; people/personnel exhibited a moderate positive relationship with customer attachment ($r = 0.679$, $p < 0.01$), highlighted through staff attitudes and customer service quality; and notably, organizational processes displayed the strongest positive correlation with customer trust ($r = 0.823$, $p < 0.01$), indicating that POSB's operational procedures significantly enhanced brand credibility and customer confidence. These findings, validated by means scores consistently above 3 on the Likert scale across all dimensions, suggest that POSB's relationship management strategies have been effective in fostering customer loyalty, though challenges remain in addressing diverse customer needs and maintaining consistent service quality across all operational aspects, particularly in the context of Zimbabwe's economic environment where factors such as inflation and inconsistent government policies continue to impact banking services.

CONCLUSIONS

The study's findings demonstrate significant relationships between relationship management dimensions and customer loyalty at POSB. Strategy exhibited a strong positive correlation with customer affinity ($r = 0.766$), indicating that effective strategic initiatives enhance customer affinity, boost sales, and reduce brand switching behaviour. Similarly, technology showed a substantial positive relationship with customer satisfaction ($r = 0.718$), suggesting that technological advancements not only improve customer satisfaction but also promote brand competitiveness and educate customers about new banking products and services. The influence of people on customer attachment revealed a moderate positive correlation ($r = 0.679$), highlighting that bank personnel play a crucial role in promoting a sense of brand belonging and shaping customers' perspectives of the organization. Most notably, organizational processes demonstrated the strongest positive relationship with customer trust ($r = 0.823$), indicating that well-structured banking procedures enhance brand image, foster a sense of belonging, and build customer trust. These findings collectively suggest that POSB's relationship management framework effectively contributes to customer loyalty through its four key dimensions - strategy, technology, people, and processes - with each dimension playing a distinct yet interconnected role in strengthening the bank's relationship with its customers.

RECOMMENDATIONS

Based on the study's findings, POSB should implement several key improvements across its relationship management dimensions. The bank should establish affinity groups to strengthen customer relationships and develop a predictive system that anticipates and displays relevant products to customers. Regarding technology, POSB needs to create more inclusive, user-friendly digital platforms that cater to all age groups, particularly the older generation, with proper follow-up support to ensure customer adoption. Employee training should be enhanced to promote brand attachment and customer service excellence, recognizing that staff members are crucial brand ambassadors. Finally, POSB should focus on organizational process improvements by ensuring promise fulfilment, aligning organizational structure with strategy, and building trust through consistent, reliable service delivery. These recommendations, implemented holistically, would strengthen POSB's relationship management framework and enhance customer loyalty across all dimensions.

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