BANKING ON TRUST: NAVIGATING CUSTOMER LOYALTY IN THE DIGITAL BANKING ERA – INSIGHTS FROM THE FINNISH BANKING SECTOR

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Author: Veikko Hauhia
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Supervisor: Outi Niininen

JYVÄSKYLÄN YLIOPISTO
UNIVERSITY OF JYVÄSKYLÄ

ABSTRACT

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Veikko Hauhia</td></tr>
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<tr><td colspan="2">The significance of understanding customer loyalty has grown with increased competition. When considering a trust-based business, such as banking, a loyal customer base and its proper utilisation can offer significant competitive advantages to companies in the industry. The digitization of the banking industry has challenged and continues to challenge the operators in the industry. The costs are high, and at the same time, switching and comparing banks have become easier for consumers. Building and maintaining loyal and profitable customer relationships requires more information and investments than ever before. The importance of mobile and online banking is prominent and growing, and at the same time, it offers banks numerous opportunities for managing customer relationships and collecting and utilising customer data.
The aim of this master’s thesis was to investigate the importance of customer loyalty in the Finnish banking sector. The formation of customer loyalty was approached through the most significant determinants recognised in the previous studies. Those determinants were image, trust, perceived value, quality of service, and customer satisfaction. In addition, customers' churn or proneness to inertia and switching behaviour were examined. The research method used in this thesis was qualitative, and the data were collected through twelve in-depth semi-structured individual interviews. The interviewees consisted of experienced professionals in the banking industry who have personal working experience with customers and managing the functions like customer loyalty. The interviews were carried out online using the Teams platform.
The results of this thesis are in line with the previous studies and thus reinforce the assumption that the same determinants of customer loyalty are also significant in the Finnish banking industry. The interviews deepen the results based on the source literature by presenting the findings based on the interviewees' own views and experiences. The answers of the interviewees offer fresh ideas and suggestions for the managers in the banking industry on how to improve customer loyalty and, further, what banks could do to increase customer loyalty.</td></tr>
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TIIVISTELMÄ

Tekijä Veikko Hauhia	
Työn nimi Luottamus pankkialalla: Asiakasuskollisuuden merkitys digitaalisen pankkitoiminnan aikakaudella - näkemyksiä suomalaiselta pankkisektorilta	
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Asiakasuskollisuuden ymmärtämisen merkitys on kasvanut kiristyneen kilpailun myötä. Erityisesti pankkitoiminnan kaltaisella luottamukseen perustuvalla liiketoiminnalla uskollinen asiakaskunta ja sen oikeanlainen hyödyntäminen voivat tarjota merkittäviä kilpailuetuja alan yrityksille. Vallalla ollut ja edelleen jatkuva pankkialan digitalisaatio haastaa alan toimijoita, sillä pankkien vaihtaminen ja vertaileminen on tullut kuluttajalle aiempaa helpommaksi. Uskollisten ja kannattavien asiakassuhteiden rakentaminen ja ylläpito vaativatkin aiempaa enemmän tietoa ja panostusta pankeilta. Mobiili- ja verkkopankin merkitys kasvaa, mikä tarjoaa pankeille lukuisia mahdollisuuksia asiakassuhteiden hoitoon ja asiakasdatan keräämiseen ja hyödyntämiseen.

Tämän pro-gradu tutkielman tavoitteena oli tutkia asiakasuskollisuuden merkitystä kotimaisella pankkisektorilla. Asiakasuskollisuuden muodostumista lähestyttiin aiemmissa tutkimuksissa havaittujen merkittävimpien determinanttien kautta, joita olivat imago, luottamus, asiakkaan kokema arvo, palvelun laatu ja asiakastyytyväisyys. Lisäksi huomioitiin asiakkaiden alttiudet inertialle ja pankin vaihdolle. Tutkielmassa käytetty tutkimusmuoto oli laadullinen, ja aineisto kerättiin kahdentoista puolistrukturoidun yksilöhaastattelun kautta. Haastateltavat koostuivat pankkialan kokeneista ammattilaisista, joilla on omakohtaista kokemusta asiakkuuksista ja asiakasuskollisuudesta. Haastattelut toteutettiin verkkohaastatteluina.

Tutkielman tulokset ovat pääosin linjassa aiempien tutkimusten kanssa ja siten vahvistavat samojen asiakasuskollisuuden determinanttien olevan merkittäviä myös kotimaisella pankkialalla. Haastatteluiden tulokset syventävät lähdekirjallisuuteen perustuvia tuloksia, esittelemällä löydöksiä pohjautuen haastateltavien omiin näkemyksiin ja kokemuksiin. Haastateltavien vastaukset tarjoavat tuoreita ideoita ja ehdotuksia pankkialan managereille siitä, mitkä ovat toimivia käytäntöjä asiakasuskollisuuden parantamiseksi, ja mitä toisaalta pankit voisivat tehdä nykyistä enemmän asiakasuskollisuuden kasvattamiseksi.

Asiasanat
Asiakasuskollisuus, asiakasuskollisuuden determinantit, imago, luottamus, asiakkaan kokema arvo, palvelun laatu, asiakastyytyväisyys, pankin vaihtaminen, inertia, pankkiala, Suomi

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1 INTRODUCTION

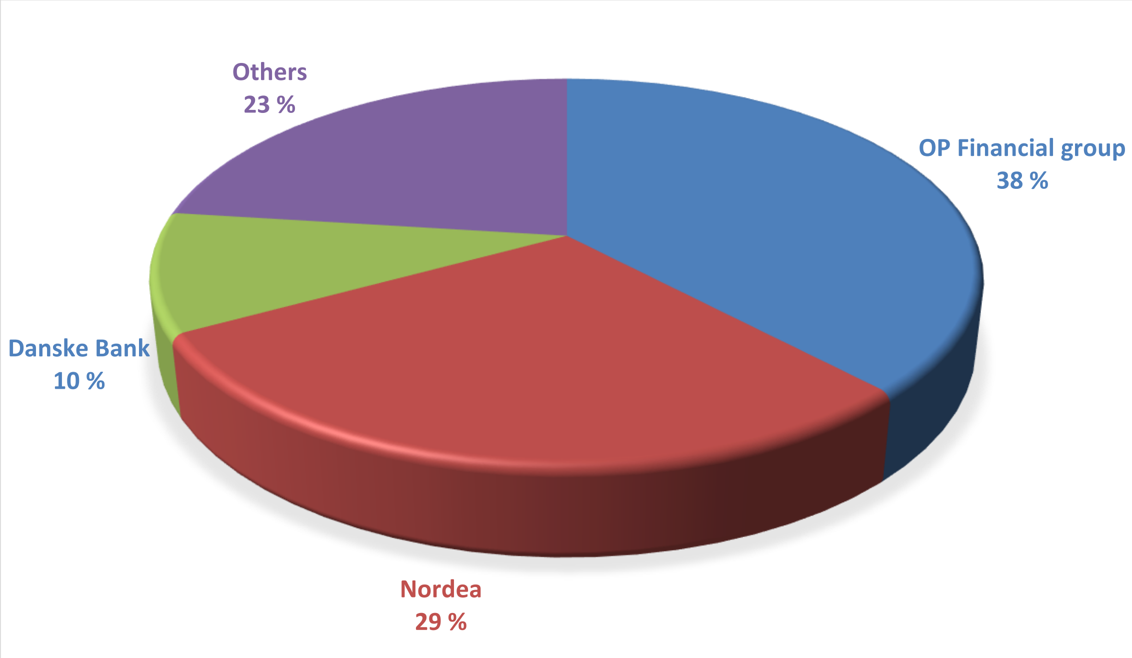
The aim of this master's thesis is to examine the phenomenon of customer loyalty and its importance in the Finnish banking sector. The research was conducted from the perspective of Finnish banking professionals as an interview study. The introduction begins by presenting the background of the study. Next, the study objectives and research questions are presented. Finally, the research structure is presented under the third subheading.

1.1 Background of the study

The banking sector is constantly changing and has undergone major changes over the past decade due to several reasons, the most dominating ones being increased financial regulation, globalization, FinTech start-ups, rapid technological development, and changes in consumer demand for banking services (Bakar et al., 2016; Mainardes et al., 2019; Zhao et al., 2021). The recent structural changes in the global banking industry necessitate an increased understanding of customer behavioural intentions and their antecedents (Christanto & Santoso, 2022; Quang et al., 2022). Although some premium-level services are at least somewhat managed face-to-face, the majority of banking services have long been online and mobile, on digital platforms.

While these global trends have equally affected the Finnish banking sector, the Finnish banking sector is still in many ways unique and different compared to any other country (Finanssiala, 2023a; Finanssiala, 2023b). First, the Finnish banking sector is one of the largest in Europe relative to the size of the national economy. Second, there are more than 200 banks in total in Finland, consisting of domestic deposit banks, investment banks, and foreign credit institutions (Finanssiala, 2023b). Third, despite the large number of different banks and credit institutions, the Finnish banking sector is still very concentrated, even by European standards. This is since the three largest players cover almost 80% of both the total deposit market and the mortgage market (Suomen Pankki, 2023). The following chart illustrates the market shares of the three largest banks in the Finnish deposit market:

Figure 1: Finnish deposit market, market share by bank (30.06.2023)



Based on an online source: Suomen Pankki (2023)

We can clearly see from the chart that the other players in the industry only have a combined market share of about 20%. Other significant characteristics of the Finnish banking sector are strong ties to other Nordic countries through shareholder ownership and a significant share of mortgage lending. Compared to European banks on average, Finnish banks are both more profitable and have stronger financial solidity (Suomen Pankki, 2022). Due to the low risk level of receivables and membership in the euro currency area and the European Central Bank, the operating environment of Finnish banks and credit institutions is stable and predictable. Owing to these elements, the Finnish banking sector and the Finnish economy in general managed the shock caused by the COVID-19 crisis very well. Although the profit development and conditions of the Finnish banking sector have remained strong during the pandemic, there are still some challenges in sight in the long term, especially in terms of the concentration of the banking sector and the rising amount of regulation (Finanssiala, 2023b).

Since the financial crisis, one of the big trends in the banking sector has been the increasing amount of regulation both at the European Union and international level (European Central Bank, 2023; Suomen Pankki, 2022). There is also more new regulation to be expected in the near future (European Central Bank, 2023). The reforms required by the regulation and the growing amount of bank supervision have increased banks' costs and tightened competition in the sector (Finanssiala, 2023b). Therefore, it is even more difficult for new players to enter the system and challenge the market leaders (Finanssiala, 2023b). This trend favours the dominant and settled players on the market and has accelerated the formation of bank concerns and mergers (Finanssiala, 2023a).

Customer loyalty is a challenging subject for research, as there are several concepts and models of loyalty. Therefore, it is difficult to make an unambiguous breakdown between attitudinal and behavioural loyalty, as the models used vary from study to study. In addition, very few studies addressing customer loyalty in the banking sector have made a clear division between attitudinal and behavioural loyalty. Instead, customer loyalty is presented as a single phenomenon. This further makes the design of the theory framework challenging. In this study, we have divided the determinants of customer loyalty according to attitudinal and behavioural loyalty by combining information from several scientific publications. This division has also been considered in the design of the interview questions.

Since financial services are practically intangible, achieving a high level of customer loyalty is very important (Quang et al., 2022). In financial services, bank loyalty is formed above all in interactions between people, banks' employees, and customers (Mainardes et al. 2019). Additionally, acquiring new profitable customers in the banking sector is more expensive than in average business and takes much more time and effort. In addition to this, the costs of establishing a new clientship are high and have only increased in recent years. This trend is largely due to the manual work required by increased international and EU-level regulation (European Central Bank, 2023). This includes measures such as the customer's identity check, credit score, and other background checks (Finanssivalvonta, 2020).

All the above-mentioned reasons should foster banks' interest in better understanding the formation of customer loyalty and long-profitable customer relationships. Profitable, loyal customers also tend to buy more and recommend the company to their acquaintances (Deventer & Redda, 2021). Additionally, compared to attracting new customers, it is more valuable for banks to discover what drives current customers to remain loyal or switch banks. The root causes of customer churn include some of the most important unused business information. For this reason, every company should monitor their customer churn rate and the reasons behind it with great interest (Zhao et al., 2021).

1.2 Study objectives and research questions

The purpose of this thesis is to investigate customer loyalty and its importance in the Finnish banking sector. Loyal customers are generally expected to be both valuable and desirable for the banks. This thesis also aims to determine the most important factors affecting customer loyalty in the Finnish banking context. By interviewing professionals in the field, we aim to uncover what means banks have to foster customer loyalty. One object is to reveal the main reasons for customers to churn and what banks can do to minimise this. Another area of interest is banks' different systems for identifying and fostering their loyal customers. What signs do banks look for in new customers who are likely to become loyal? Do banks have the policies and procedures in place to intervene when a loyal customer is at risk of churning, and how much does it cost for banks to acquire a new customer?

This topic of loyalty formation in the banking sector has been studied earlier using quantitative methods and surveys in different countries and continents. However, the subject has not previously been investigated using qualitative methods in the Finnish banking context. Later in the theory part of this research, the definitions and factors affecting customer loyalty are discussed in more detail. This also includes how customer loyalty has been applied in previous studies in the banking sector.

Therefore, we can conclude that we are looking for answers to the following four research questions:

1. What is the value of loyal customers to Finnish banks?
2. How do Finnish banks perceive and measure customer loyalty?
3. How do Finnish banks aim to foster and further enhance customer loyalty, taking into account the determinants of customer loyalty?
4. What can Finnish banks do to prevent customer churn, inertia and sustain the right customers?

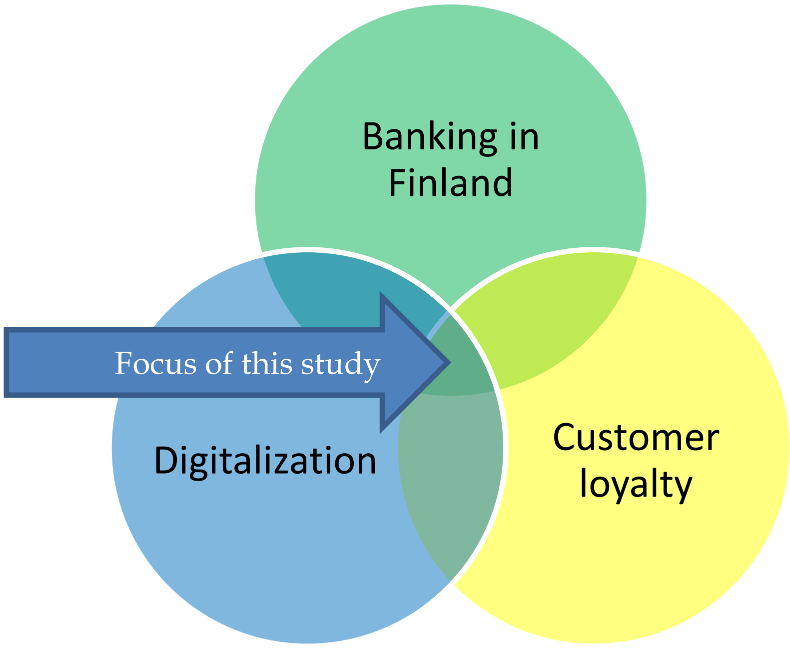
This master thesis was conducted as a qualitative interview study, where twelve banking professionals from the leading Finnish banks were interviewed. The interviews were carried out as in-depth semi-structured individual interviews, which were used to collect the data needed for the study. A qualitative research method is suitable for this master’s thesis since the aim is to gain a deeper understanding of the phenomenon of customer loyalty in the Finnish banking sector (Hirsjärvi & Hurme, 2022). The methodology of this master’s thesis and the data collection are presented in more detail later in this master’s thesis.

1.3 Structure of the research

This master's thesis is divided into five chapters. It begins with an introduction chapter, including the background of the study, study objectives, and research questions. The second chapter presents the theoretical framework of the study, introducing the concept and phenomenon of customer loyalty. This chapter makes the distinction between attitudinal and behavioural loyalty and discusses the differences between these two. The challenges of customer loyalty formation are also discussed at the end of the chapter.

The third chapter covers the data and methodology, including the description of qualitative research methodology, research ethics and privacy, the conduct of the interviews, data collection, and analysis. In the fourth chapter, the research data and results are presented and analysed. The interview data is organised into themes based on the theoretical framework and research questions. The fifth chapter presents the conclusions of this study, including theoretical contributions and managerial implications, as well as trustworthiness, limitations of the study, and finally future research subjects. References can be found at the end of this master's thesis. The following figure illustrates the focus and the main phenomena of this study:

Figure 2: Focus of this study



Based on: Researcher's description of the main phenomena of this study

The focus of this study is to examine customer loyalty in the Finnish banking sector, which is strongly linked to the trend of digitalization. Banking services have already moved, and in the future will increasingly move, to the internet and mobile. The majority of the banks' services are already online and mobile, and only a minority of customers visit their banks' offices regularly. Examining the formation of customer loyalty and its role in this trend of digitalization is both current and advantageous for the banks. In this thesis, artificial intelligence (AI) was used to proofread the final text and to correct some spelling and grammar errors.

2 CONCEPT OF CUSTOMER LOYALTY

This chapter outlines the importance of customer loyalty research and understanding of this broad concept in the banking environment. In this chapter, the concept and definition of customer loyalty, as well as the previous loyalty research in the banking sector, will be discussed. Based on this, the theoretical foundation of this research is built and is divided into concepts of attitudinal loyalty and behavioural loyalty by combining information from several scientific publications. Finally, the challenges for customer loyalty formation are discussed.

2.1 Definition, conceptualization, and different levels of customer loyalty

In the current environment of intense competition and regulation, understanding the composition of customer loyalty is exceedingly important for any company or business (Kant et al., 2019; Özkan et al., 2019), and is therefore the main concern of this study. Companies are more and more interested in nurturing and retaining their profitable existing customers by understanding their purchasing behaviour and decision-making processes (Kant et al., 2019; Deventer & Redda, 2021). Therefore, companies endeavour to do everything possible to increase the number of their loyal and profitable customers and develop longstanding customer relationships that meet the customers' different needs and expectations (Kamath et al., 2020; Quang et al., 2022). Meeting these needs and expectations is the starting point and condition for the customer to become loyal to the company and its services (Mainardes et al., 2019; Boonlertvanich, 2019). Once the customer's loyalty has been won, the customer relationship must be constantly nurtured by keeping the customer satisfied, and this work never ends since it is a process of continuous improvement (Omoregie et al., 2019).

Oliver (1999, 34) defines customer loyalty as “a deeply held commitment to rebuy or patronise a preferred product or service consistently in the future, thereby causing repetitive same-brand or same-brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour." Oliver (1999) also adds to this by stating that customers will remain with their current service provider as long as they see this behaviour beneficial for them. Loyalty can also be understood as the customer's strong intention to consume the same service in the future as well (Prasetyo & Ariawan, 2022; Quang et al., 2022). According to Dick and Basu (1994), the concept of customer loyalty includes both the attitudinal side and the repetitive behavioural side, as well as the firmness of the relationship on both sides. This results in four different levels of loyalty, which are shown in the following table.

Table 1: The concept of relative attitude with repeat patronage

		Repeat Patronage	
		High	Low
Relative Attitude	High	Loyalty	Latent Loyalty
	Low	Spurious Loyalty	No Loyalty

Based on: Dick & Basu (1994, 101)

Next, each of the four levels of loyalty will be briefly discussed. In a no-loyalty situation, the customer is not loyal to the company or the company's services in any way. On the attitudinal side, this may be due to the fact that the customer is not aware of the benefits offered by the company. The customer may have the impression that the bank's services are not suitable for him. In this case, the company should advertise the benefits that its services offer to the customer. Furthermore, it may be that loyalty is not formed because the customer perceives the services of the company and its competitors to be very similar, and the whole customership is insignificant for the customer.

In a spurious loyalty situation, the customer makes repeated purchases and may seem like a loyal customer but is not attitudinally committed to the company or its services. A customer may be spuriously loyal just out of habit, not because they consider the company or its service anyhow special or different compared to competitors. Spurious loyalty can also be caused by inertia, meaning that the customer simply does not care to compare or change banks. In a spurious loyalty situation, the company can strive to create true loyalty by increasing the customer's perceived value of the customership or the uniqueness of the service.

When a customer is attitudinally loyal to a company or its services but nevertheless does not do business with the company, it is a question of latent loyalty. This is a difficult situation for the company, and it is usually not worth investing more money in marketing to latently loyal customers since it is unlikely that they would become customers, nonetheless.

High repeat patronage and a high relative attitude result in true loyalty, which is the most preferred level of loyalty. Loyal customers have certain characteristics, which are widely agreed upon (Boonlertvanich, 2019; Kant et al., 2019; Deventer & Redda, 2021; Quang et al., 2022). These include, to name a few, a positive attitude towards the service provider or brand, a high tendency to repeat purchases or visits, a higher volume or value of the purchases, and recommending the product, service, or service provider to others (Boonlertvanich, 2019; Kant et al., 2019; Deventer & Redda, 2021; Quang et al., 2022). The concept of loyalty also consists of various determining factors. By understanding what these determining factors are, banks can plan their services and operations in such a way that they simultaneously acquire new customers and maintain existing ones (Özkan et al., 2019; Quang et al., 2022). However, analysing the determinants may be challenging, especially for financial institutions like banks, whose services are mostly intangible (Christanto & Santoso, 2022). Nonetheless, customer loyalty is a significant competitive advantage, and therefore it is worth investing both effort and money (Kant et al., 2019; Zhao et al., 2021).

2.2 Concept of customer loyalty in the banking context

Customer loyalty has been studied substantially due to the importance and significance of the subject (Boonlertvanich, 2019; Deventer & Redda, 2021). The literature and previous studies show that loyalty is a complex and ambiguous concept and is affected by many factors (Omoregie et al., 2019; Quang et al., 2022). For this reason, the definition of customer loyalty has led to different theories and conceptual models in the literature. One of the most widely used and accepted models is the separation of loyalty into behavioural and attitudinal perspectives (Dick & Basu, 1994; Boonlertvanich, 2019; Kant et al., 2019; Prasetyo & Ariawan, 2022). The use of both attitude and behaviour in a loyalty definition considerably increases the predictive power of loyalty and therefore makes the model and results more reliable (Christanto & Santoso, 2022). This is also the model we apply in this study.

To name some of the key sources and previous studies, at least the following determining factors of customer loyalty have been recognized: service quality (Boonlertvanich, 2019; Özkan et al., 2019; Deventer & Redda, 2021), customer satisfaction (Boonlertvanich, 2018; Özkan et al., 2019; Deventer & Redda, 2021), perceived value (Bakar et al., 2016; Boonlertvanich, 2018; Özkan et al., 2019), trust (Boonlertvanich, 2019; Deventer & Redda, 2021), company image (Omoregie et al., 2019; Özkan et al., 2019), switching costs (Deventer & Redda, 2021; Thuy & Quang, 2022), and inertia (Zhao et al., 2021; Christanto & Santoso, 2022). The table below contains in more detail the most important previous studies used as sources in this master's thesis and the determining factors of customer loyalty discussed in each study.

Table 2: Determining factors of customer loyalty in previous studies

Author(s)	Company Image	Perceived Value	Trust	Switching behaviour	Service quality	Customer satisfaction	Inertia
Bakar et al. (2016)	x	x		x	x	x	
Boonlertvanich, (2018)		x	x		x	x	
Kant et al. (2019)	x	x			x	x	
Özkan et al. (2019)	x	x			x	x	x
Omoregie et al. (2019)	x	x	x		x	x	
Dos Santos et al. (2020)		x	x		x	x	
Nguyen et al. (2020)				x		x	
Zhao et al. (2021)				x		x	x
Deventer & Redda, (2021)			x	x	x	x	
Christanto & Santoso, (2022)	x				x	x	x
Prasetyo & Ariawan, (2022)		x			x	x	
Thuy & Quang, (2022)	x		x	x	x	x	x

As stated earlier, understanding customer loyalty and its factors has been identified as a noticeable business advantage, considering that with higher customer loyalty, it is possible for a company to reach higher profits and market share (Boonlertvanich, 2019; Kant et al., 2019; Dos Santos et al., 2020; Zhao et al., 2021). This is based on the assumption that the customer is loyal to a certain company or service because he feels that he gets more benefit from it compared to an equivalent service from a competing company (Christanto & Santoso, 2022).

It is also worth noticing that acquiring new customers is much more expensive than holding on to the current ones (Kant et al., 2019; Özkan et al., 2019; Zhao et al., 2021). This is particularly emphasised in the banking industry, since the competition is fierce and the cost of setting up new customer relationships is high (Kamath et al., 2020). In addition to rising costs and tougher competition, customer loyalty is challenged by more demanding customers, the digitalization of the banking sector, and the unethical practises and morale hazard of some banks, which all affect the trustworthiness of the entire sector (Kamath et al., 2020; Zhao et al., 2021).

2.3 What banks can do to enhance attitudinal loyalty?

This chapter discusses some of the factors affecting attitudinal loyalty in the banking sector. The earlier studies demonstrate that the following factors have been shown to have the greatest impact on attitudinal loyalty in the banking context: These factors also serve as the basis for the interview questions regarding attitudinal loyalty.

From the attitudinal perspective of loyalty, customer loyalty can be understood as the customer's tendency to maintain a relationship with the service provider (Nguyen et al., 2020). The attitudinal perspective of loyalty tells us how customers feel about the brand, company, or service (Christanto & Santoso, 2022). Attitudinal loyalty data is valuable for companies when they want to understand customers' perceptions, feelings, and emotional bond with companies or services. Whereas behavioural loyalty tells us afterwards how the customer behaved or acted, by measuring attitudinal loyalty, companies can predict customers' future behaviour (Özkan et al., 2019). This data can help companies understand how to prevent customer churn.

However, attitudinal loyalty does not necessarily mean that the customer is going to behave in the same way he feels (Quang et al., 2022). There is at least one common example where a customer can have a high level of attitudinal loyalty towards a company or service, but despite that, they should not patronise the company. The customer may, for example, consider the bank or the bank's service desirable and even recommend it to others. However, it may be that the customer feels that he himself does not have sufficient assets to reach the service (Özkan et al., 2019). These services could be private banking or investment services, which are often perceived as services only for wealthy people

(Boonlertvanich, 2019). In this case, a positive attitude does not lead to the desired behaviour.

2.3.1 Company image

A company's image refers to the impression or appearance that is intentionally created and built by the company and that people recognise from the company's name or services (Makanyeza & Chikazhe, 2017; Quang et al., 2022). However, corporate image is one of the most significant ways to stand out from competitors and position oneself in the market (Kant et al., 2019; Özkan et al., 2019; Christanto & Santoso, 2022). This matter is especially emphasised in a competitive field of business such as banking, where the service offering is very similar regardless of the bank (Bakar et al., 2016). In addition to this, as a result of digitization, a great part of services have moved to online and mobile (Yee & Faziharudean, 2010; Christanto & Santoso, 2022). This makes the comparison of alternatives less laborious from the consumer's point of view, and simultaneously, customers' physical ties to the banks have decreased. Customers can compare banks' services and service prices through various comparison websites. These sites make it simple to compare service fees, deposit interest, loan costs, and other fees charged by banks. All this can encourage the customer to switch banks, as the benefits of switching banks are easier to perceive.

When the customer has little or no understanding of the service, especially with regard to complex banking services such as private banking, the company's positive image is of great importance when choosing the right service provider (Bakar et al., 2016; Omoregie et al., 2019). In the banking sector, a company's image is affected by service quality and pricing, past performance such as investment returns, and how the bank's branches and employees appear in the eyes of customers (Christanto & Santoso, 2022). The bank's image is also important when customers consider switching service providers (Quang et al., 2022). It is more challenging for a bank with a bad reputation, or a bank that has been in a bad light in the media, to retain its customers compared to a bank with a better reputation (Kant et al., 2019).

Investing in a corporate image is particularly important, as there are numerous domestic and international banks on the market whose offerings may appear to the majority of customers more or less the same, but still, a successful company should stand out from the crowd (Omoregie et al., 2019; Christanto & Santoso, 2022). With a high-quality corporate image, it is possible to differentiate and gain a competitive advantage since the image should be easy to identify but difficult to imitate (Özkan et al., 2019; Christanto & Santoso, 2022). A strong corporate image should have both physical and emotional recognizability (Omoregie et al., 2019). For example, a bank can have a certain recognisable interior design and colour scheme. The recognizability of the emotional side of the corporate image is related to a unique service and other intangible assets that the bank has, which build trust over time (Makanyeza & Chikazhe, 2017).

2.3.2 Perceived value

Equivalent to the quality of the service experienced by the customer, perceived value is also a subjective concept, and therefore it is difficult for the company itself to assess or measure this accurately (Kant et al., 2019). To put it briefly, a customer's perceived value is his personal assessment of the received benefits and how much he feels that he has paid for the acquired benefits (Parasuraman & Grewal, 2000; Yee & Faziharudean, 2010; Bakar et al., 2016). The benefits can be both financial, for example, money and discounts, or emotional, such as satisfaction and social influence (Omoregie et al., 2019). Similarly, costs can be measured either in money or in the client's inconvenience (Prasetyo & Ariawan, 2022). Customer perceived value can also be described as the customer's future expectations about the amount of satisfaction they expect to receive from the service or product (Omoregie et al., 2019).

The importance of perceived value is emphasised in the service sectors significantly involving consumers, such as banking and financial services (Bakar et al., 2016; Omoregie et al., 2019). If the customer finds the perceived value high with regard to the investment, it can lead to repeat purchases and recommendations, which can be seen as increased customer loyalty (Boonlertvanich, 2019). Furthermore, when the customer feels that the company or service provider will no longer offer adequate value, customers are more susceptible to a competing service provider and are more likely to switch (Kant et al., 2019). For long-term customers, perceived value is even more important than customer satisfaction in the formation of customer loyalty (Parasuraman & Grewal, 2000; Boonlertvanich, 2019). This is probably due to the fact that long-term customers already have experience with the service provider and are therefore better able to evaluate the potential value (Prasetyo & Ariawan, 2022). Omoregie et al. (2019) also found that the consumers' past experiences shaped their expectations about the level of service in the future as well.

Perceived value also affects the online environment since the majority of banks' services are online nowadays (Prasetyo & Ariawan, 2022). When customers feel that the bank's online and mobile services make running errands effortless and bring efficiency, their trust in these services also increases (Dos Santos et al., 2020). Positive personal experiences and recommendations encourage people to use online services, similarly to traditional services.

2.3.3 Trust

There is no single concept or model of trust that would serve every business situation since trust is both a situational and context-specific concept. However, what these various concepts and models have in common is that they are based on the mutual benefit and security brought by the relationship (Dos Santos et al., 2020; Deventer & Redda, 2021). A high level of trust strengthens the relationship between the customer and the company when the customer can trust that the company will not make unfavourable decisions for the customer but strives to act in the best interest of the customer (Boonlertvanich, 2019; Omoregie et al., 2019). In addition, high trust improves the corporate image in the eyes of the customer, which over time leads to loyalty towards the service provider (Omoregie et al., 2019). Trust can be said to be the first degree of loyalty, which over time leads to permanent loyalty (Dos Santos et al., 2020; Thuy & Quang, 2022).

Trust between customers and companies is a topic that every company wishing to build long-term customer relationships should take carefully into account (Boonlertvanich, 2019). The banking sector, where companies deal with people's money and savings, is in particular a business of trust (Deventer & Redda, 2021). Several studies have found a link between high levels of trust and customer repurchase behaviour (Yee & Faziharudean, 2010; Dos Santos et al., 2020). Trust and repurchase intentions are driven by the customer's expectations that the quality of the service will remain at least at a similar level in the future (Järvinen, 2014).

Especially in times of economic turmoil, the importance of trust is emphasised (Deventer & Redda, 2021). Banks with a trusting customer base and a good image can survive uncertain times better (Özkan et al., 2019). A good example of this is the financial crisis of 2008, as well as the recent bank failures in the US and EU. If there is no trust in the bank and its ability to manage customers' funds, the bank is in danger of running into difficulties and defaulting (The Guardian, 2023). However, it is worth noticing that mistrust can arise from outside of the company since the operating environment of companies in the financial sector is sometimes very fierce (Özkan et al., 2019). An entire industry can face mistrust, and therefore a company's own actions do not alone determine the level of customer loyalty (Deventer & Redda, 2021).

In order to build a trusting and profitable customer base, banks are progressively targeting wealthy, high-end customers (Boonlertvanich, 2019). For new potential customers, banks should present themselves as reliable partners and focus on building trust (Thuy & Quang, 2022). However, once the customer base is settled, the banks' focus should shift to service quality and customer satisfaction through personalised customer service.

Due to the importance of trust, the company should take immediate action if customer trust decreases. In addition, a company should have a separate approach and strategy for its low-trust customers (Yee & Faziharudean, 2010). In the banking sector, it is possible to increase customer trust, at least by building easier-to-understand products and services, by investing in high-quality customer service and processing of complaints, and by consistently operating in accordance with the rules and regulations (Thuy & Quang, 2022). Once trust in the company is established, the customer is more resistant to competitors' offers and proposals (Dos Santos et al., 2020).

According to Järvinen (2014), trust in the banking sector is not only context-bound but varies between different service categories. For example, trust in account and loan services is the highest on average, while trust in investment services is significantly lower. This difference is partially explained by the previously mentioned reasons: the complexity of investment products and the higher perceived risk experienced by customers.

2.4 What banks can do to enhance behavioural loyalty?

This chapter discusses some of the determinants of behavioural loyalty in the banking sector. The earlier studies demonstrate that the following factors have been shown to have the greatest impact on behavioural loyalty in the banking context: These factors also serve as the basis for the interview questions regarding behavioural loyalty.

By studying customers' behavioural intentions, companies can get vast amounts of valuable information that is worthwhile from a business point of view. For example, companies can examine whether customers' actions are in line with their attitudes. Behavioral loyalty can be measured by investigating transaction and sales data. Customers' positive behaviour and purchase intentions may serve as promising indicators for predicting the customer retention rate (Bakar et al., 2016). The retention rate is a very important metric, considering that even a small percentage increase in the customer's retention rate may greatly affect the bank's profit accumulation (Zhao et al., 2021). Other compelling indicators that predict customer behaviour, in addition to the intention to purchase or repeat purchase, are related to the customer's intentions to recommend the service provider or service to others (Bakar et al., 2016).

In the literature, behavioural loyalty has been described as customers' visible and concrete actions to purchase and do business with the company (Özkan et al., 2019). Typical characteristics are repeat purchases and consistency of actions towards the same brand or service (Boonlertvanich, 2019; Nguyen et al., 2020). Even the different situational effects and marketing efforts of the competitors do not make a loyal customer change the service provider or the brand (Prasetyo & Ariawan, 2022). Therefore, behavioural loyalty can and should be increased by focusing on the main determinants of loyalty (Özkan et al., 2019).

However, it is important to note that repeated purchases and apparent loyalty do not necessarily indicate psychological commitment (Oliver, 1999). As for banks, it is possible that the bank where the customer does business repeatedly and seems like a loyal customer of the bank is the only bank in a small town or region. In this case, the customer's repeated buying behaviour is not due to a psychological commitment but simply to a lack of alternatives. If another bank were to be established in the town or region, this could lead a customer to switch and do business with a new bank. Other misleading reasons behind seemingly loyal behaviour can be the lowest price or the customer's habits. If a competitor decreases prices or the customer's habits change, then the customer's behaviour also changes, which would indicate that there was not real loyalty towards the company or the service in the first place. A company that only looks at behavioural loyalty metrics can get a false picture of the true level of customer loyalty. This is also because behavioural measures are lagging metrics, meaning that the data reveals only what has already happened, so it is not very useful for predicting or planning future actions.

2.4.1 Service quality

The quality of the service refers to the customer's overall experience and perception of how well the service provider and its services meet the customer's needs and expectations (Parasuraman & Grewal, 2000; Kant et al., 2019; Mainardes et al., 2019). This means that the quality of the service experienced by the customer is a subjective concept that is also influenced by the customer's perception of competing businesses and their offerings (Deventer & Redda, 2021; Christanto & Santoso, 2022). High service quality generates satisfied customers, and customer satisfaction delivers customer loyalty (Omoregie et al., 2019; Quang et al., 2022). Companies should nonetheless remember that service quality serves the company's interests best when there is not too much of a negative divergence between customer expectations and the performed service quality (Prasetyo & Ariawan, 2022).

In the banking sector, as in other service sectors, superior service quality improves customer satisfaction and loyalty and eventually promotes profitability (Parasuraman & Grewal, 2000; Boonlertvanich, 2019; Zhao et al., 2021). Service quality has been found in several studies to be a determinant of customer loyalty and an excellent way to stand out from the competition (Deventer & Redda, 2021; Christanto & Santoso, 2022). The increased awareness of bank customers and their demand for better service emphasises the importance of focusing on this issue (Bakar et al., 2016).

Due to the trend that banks' services are generally online, it is crucial for companies to consider how the quality of the services is reflected in the online bank services and on the company's website (Yee & Faziharudean, 2010; Mainardes et al., 2019; Dos Santos et al., 2020). In order to ensure high service quality, the services must also work seamlessly between different service channels at various consumer touchpoints (Mainardes et al., 2019). Service failure in an online environment presumably lowers the customer's expectations of service quality in physical services as well (Christanto & Santoso, 2022; Prasetyo & Ariawan, 2022).

Research on service quality and behavioural intentions shows that service quality can affect customer loyalty either directly or indirectly (Quang et al., 2022). There are multiple ways to divide the dimensions of service quality. The three widely used and accepted dimensions of service quality are the quality of the service environment, the quality of the interaction in different service channels, and the quality of the end result (Bakar et al., 2016). Another aspect is to consider the quality of service as having five different dimensions, including constancy, certainty, concreteness, empathy, and being responsive (Makanyeza & Chikazhe, 2017; Prasetyo & Ariawan, 2022). This division of service quality into five dimensions is designed especially for the financial and banking industries. In particular, for recent customers, the quality of the service is of the utmost importance, greater than perceived value or trust (Boonlertvanich, 2019). This is important to bear in mind, especially in those situations when new customers are in focus, for example, when opening a new office in a new location (Thuy & Quang, 2022).

2.4.2 Customer satisfaction

Of the several factors affecting customer loyalty, customer satisfaction is one of the most significant (Nguyen et al., 2020; Quang et al., 2022). After all, a satisfied customer is the most probable repeat buyer (Omoregie et al., 2019). Customer satisfaction encompasses both the customer's pre-purchase expectations and the post-purchase evaluations and judgments of the service provider and the service (Oliver, 1999; Prasetyo & Ariawan, 2022). The concluding experience after the purchase is the consequence of the customer's expectations, evaluation of the service event, and the feelings that emerged from the purchase event (Bakar et al., 2016; Boonlertvanich, 2019; Christanto & Santoso, 2022). It could therefore be summarised that customer satisfaction refers to the entity of experiences that the customer has with the service or the service provider, which are formed over time (Kamath et al., 2020; Deventer & Redda, 2021).

Customer satisfaction and customer-perceived service quality are strictly connected concepts that have been found to have a causal relationship (Makanyeza & Chikazhe, 2017; Kant et al., 2019). This means that even the customer's expectations about the quality of the service shape how satisfied or dissatisfied the customer is (Boonlertvanich, 2019). From a company's point of view, customer satisfaction primarily indicates the company's success in meeting the customers' expectations and needs (Özkan et al., 2019; Dos Santos et al., 2020). In order to achieve a high level of customer satisfaction, the company must invest in its staff and train them to devote themselves to increasing customer satisfaction (Christanto & Santoso, 2022).

The customer's satisfaction or dissatisfaction also predicts the customer's purchasing behaviour in the future, making the perceived service quality a good predictor of customer satisfaction (Bakar et al., 2016; Christanto & Santoso, 2022). It is increasingly important that service providers are able to meet the needs and wishes of their customers and potential future customers by offering a better customer experience than their competitors (Dos Santos et al., 2020; Deventer & Redda, 2021). This is because satisfied customers buy, recommend, and spread positive word of mouth more than an average customer (Kant et al., 2019; Christanto & Santoso, 2022; Prasetyo & Ariawan, 2022). Satisfied customers are also more profitable than the average customer, and banks tend to have a greater share of their most satisfied customers (Boonlertvanich, 2019; Deventer & Redda, 2021).

However, long-lasting customer satisfaction often requires both time and the company's ability to be flexible and respond to customers' altering expectations and needs (Dos Santos et al., 2020). When the customer has been satisfied with the service he has received for a long enough time, he begins to consider the company trustworthy, and thus it is easier to renew his trust (Makanyeza & Chikazhe, 2017; Quang et al., 2022). This principle also applies in a digital environment, for example, when people do business online or use a mobile bank (Dos Santos et al., 2020).

2.5 The challenges of customer loyalty formation

After going through all the proposed determinants of loyalty, it is good to judge how much effort customers in fact put into their customerships and what effect this has on the duration and persistence of customer relationships. In the next two paragraphs, we will discuss the phenomena of switching behaviour and inertia. Both affect the formation of customer loyalty in a slightly different way. High switching costs increase customer loyalty and retention, whereas high inertia decreases both.

2.5.1 Switching behaviour

Switching behaviour is primarily influenced by what kind of switching costs customers may or may not have. Switching costs can be any barriers or inconvenience customers may face in order to change the service provider (Bakar et al., 2016; Deventer & Redda, 2021). Customers may, for example, face great challenges when the intention is to switch banks (Zhao et al., 2021). These challenges can become apparent in transferring funds, learning new software and usernames, and opening and closing accounts (Nguyen et al., 2020; Thuy & Quang, 2022). The inconveniences can also be monetary. Switching banks may cost money, or the customer may lose the already-achieved benefits, such as bonuses (Deventer & Redda, 2021). The higher the switching barriers are, the less likely customers will switch banks (Boonlertvanich, 2019; Zhao et al., 2021).

In order for a company to avoid the undesirable consequences of high customer churn, loss of market share, and descending profitability, to name a few, it is important to understand the underlying causes of customer churn (Kant et al., 2019). When examining the reasons behind bank switching, there is rarely just one reason (Thuy & Quang, 2022). There are usually two or more reasons, and the most common reasons are related to the pricing of the services, the company's failures in various service situations, the means bank employees use to serve their customers, ethical reasoning, and measures taken by competitors (Zhao et al., 2021).

Too high prices for services encourage customers to change banks, but they especially reduce the interest of potential customers in becoming customers of the bank (Bakar et al., 2016). Inconvenience is also an important factor (Nguyen et al., 2020). If the bank's services are difficult to reach due to long waiting times, an inconvenient location of the branch, or a poorly functioning online bank, the customer will probably consider switching banks (Deventer & Redda, 2021). The most common reasons for customer dissatisfaction in customer service situations are the unfriendliness of employees, poor or inaccurate service advice, and the incompetence or inefficiency of employees (Thuy & Quang, 2022). A bank's bad reputation is also a burden that can push customers to change banks.

It has also been studied that high service quality serves as a good switching barrier (Zhao et al., 2021). As long as customers' favourable attitudes toward service quality outweigh the perceived switching costs, the customer is unlikely to switch (Nguyen et al., 2020). Some older studies also highlight that sufficiently high switching costs increase customer loyalty for the same reason (Dick & Basu, 1994).

2.5.2 Inertia

Sometimes it can be the case that customers are simply passive and do not invest in the customer relationship in any way. It is therefore reasonable to ask: Are customers really evaluating the benefits their banks offer them? Studies show that a large portion of customers do not in fact compare benefits or alternatives (Zhao et al., 2021; Christanto & Santoso, 2022; Thuy & Quang, 2022). So, what does inertia mean? Customer inertia is a phenomenon that occurs when customers continue to purchase or consume a product or service out of habit or a sense of convenience rather than because of an actual preference or loyalty to the brand or service provider (Zhao et al., 2021). In other words, customers who exhibit inertia are more likely to stick with a brand or service provider simply because it requires less effort to do so than because they are truly loyal to the product or service provider (Thuy & Quang, 2022).

Customer inertia is often the result of factors such as the lack of alternatives, the high switching costs associated with changing service providers, or a lack of awareness or interest in other options (Deventer & Redda, 2021; Christanto & Santoso, 2022). Customers may also exhibit inertia because of their busy schedules or a lack of time to research and compare other options. Customer inertia can be harmful to companies because it can lead to stagnant or declining sales over time (Zhao et al., 2021). Customers who exhibit inertia are less likely to purchase additional products or services or to recommend the brand to others (Christanto & Santoso, 2022). As a result, companies may need to invest more in marketing and advertising efforts to retain existing customers or attract new ones.

Companies can try to overcome customer inertia by providing a better customer experience, offering incentives for repeat purchases, and aiming to provide higher-quality customer service (Thuy & Quang, 2022). By doing so, companies can encourage customers to become more loyal to their brand and involve them, rather than simply sticking with it out of habit or convenience.

This section concludes the chapter and the theoretical framework of this study. The definition of customer loyalty and the concept in the banking sector are also covered. The most influential determinants affecting the formation of customer loyalty in the banking sector have been discussed and divided into attitudinal and behavioural loyalty. These determinants have been found in previous studies to have a prominent effect on customer loyalty formation. Customer loyalty seems to consist predominantly of the same factors, whether it is an online environment or a traditional face-to-face encounter between people, even though there are some special features in building trust in an online environment. In addition, the most recent studies and publications emphasise this aspect of the online environment to increasing extents.

3 DATA AND METHODOLOGY

This chapter includes the methodological approach of the study. The qualitative research methods used in this master's thesis are presented first. Next, research ethics and privacy issues are discussed. The third section describes the conduct of the interviews. In the fourth section, the data collection process and the execution of the research are presented. The final section presents the data analysis methods used in this study.

3.1 Qualitative research

Qualitative research was used to gather accurate and thoughtful information from the target group, the professionals and management in the Finnish banking sector. To the best of my knowledge, most of the studies have considered the consumer behaviour using a survey instrument and only a few considered the management perspective using an inductive approach. Therefore, the assumption is that this research method in this layout can bring out new and deeper information about the factors affecting customer loyalty in the Finnish banking sector and possibly fill some research gaps. With this approach, it is possible to get more in-depth understanding about the phenomenon of customer loyalty in the Finnish banking sector and reinforce and support the findings of the previous studies.

The aim of the qualitative research is to study the topic or phenomenon as widely and comprehensively as possible (Hirsjärvi & Hurme, 2022). The goal is not to find the exact truth but rather to gain a deeper understanding of consumers' behaviours, attitudes, and perceptions (Saunders et al., 2019). There are several qualitative research methods, such as one-to-one interviews, focus group interviews, and observation (O'Reilly & Kiyimba, 2023). Often, the researcher participates in qualitative research itself, although this is not necessary.

The data gathered from the qualitative research is often subjective, and the sample sizes are generally smaller compared to the quantitative research method

(Hirsjärvi & Hurme, 2022). This is due to the fact that the target population is always narrower than in a quantitative study. Rather than quantity, qualitative research methods focus on the quality and depth of the material, and the amount of material does not therefore have as critical an impact on the success of the research (Hirsjärvi & Hurme, 2022).

In order to achieve the best possible results, it is important that the demarcation and interpretation of the research material for qualitative research be done correctly (Billups, 2021). Saturation of the research material means that the analysis of the new results no longer produces significant new information (Hirsjärvi & Hurme, 2022). In this case, the amount of material can also be considered sufficiently comprehensive and well descriptive of the phenomenon.

Qualitative research is best suited to situations where the researcher's objective is to get a deep understanding of a phenomenon for which there is no previous comprehensive research data (Billups, 2021). Exact hypotheses are not part of the qualitative research (Hirsjärvi & Hurme, 2022). The researcher therefore does not make precise expectations or preliminaries about the research results, as the goal is to find new perspectives on the phenomenon being studied (Saunders et al., 2019). The research material to be analysed is supposed to form an entity from which new research results can be found in a real environment (Bailey, 2023).

3.2 Research ethics and privacy

The basic principles and regulations related to research ethics and privacy provide the framework for how the researcher can carry out the research, as well as how the results must be reported (Bailey, 2023). First, the researcher must have permission to conduct the interview. This permission must be obtained from the people who are the subjects of the research. They must be told right from the start how their personal information and answers will be processed and stored. The researcher must make it clear to the research subjects if the interviews are recorded (O'Reilly & Kiyimba, 2023).

Both the Finnish national board on research integrity (TENK) and the European code of conduct for research integrity define reliability, honesty, appreciation, and responsibility as the basic principles of good research practices. Research plans, methods, implementation, evaluation, and reporting of results must be based on a reliable basis. In addition, in all phases of the research, one must be honest, not hide anything, and act impartially. It is also necessary to respect fellow researchers, the parties involved in the research, as well as the surrounding world and society. Eventually, the researcher must take responsibility for his research from start to finish. (TENK, 2023.)

Furthermore, key ethical issues include citing and quoting other researchers, as well as possible research biases (Bailey, 2023). In addition, there must be no dependency relationship between the researcher and the target group that is the subject of the research or the interviewees, which could have an impact on the correctness of the results of the research (Saunders et al., 2019). In addition, all possible affiliations relevant to the research must be declared (O'Reilly & Kiyimba, 2023).

The researcher must be especially careful with the research material (TENK, 2023). The data and the results must be handled in such a manner that the identity of the subjects or other sensitive information is not revealed during the study or even after the publication of the results (Bailey, 2023). The material must be stored as agreed and only for a reasonable period of time (Saunders et al., 2019). It must be ensured that the research material can be used and accessed only by the necessary people. In addition, only questions relevant to the research problem may be asked in the interviews (O'Reilly & Kiyimba, 2023).

3.3 Conducting interviews

Interviews are perhaps the most commonly used data collection methods in qualitative research (Hirsjärvi & Hurme, 2022; Bailey, 2023). By interviewing, the researcher aims to find recurring themes in order to get answers to the research questions (Billups, 2021). Interviews are voluntary conversations that are carried out at the initiative of the researcher and in which the interviewees answer questions prepared in advance by the researcher. The correct planning and implementation of the interviews is the responsibility of the researcher, and the interviewee must be able to trust that data protection and privacy issues have also been taken carefully into account (Bailey, 2023).

The interview research method has both pros and cons. Beneficial aspects include the opportunity for the researcher to interpret the interviewee's answers more broadly, ask more detailed questions, and regulate topics. Examples of the downsides are that the interviews are always contextual, which can affect the results. In addition, the interviewee may not give truthful answers, which in turn can weaken the reliability of the answers (Bailey, 2023). Interviews, processing the answers, and interpreting the results can also take a lot of time and effort. (Hirsjärvi & Hurme, 2022)

Interview research can be divided into different stages (Hirsjärvi & Hurme, 2022). The first step is planning and preparing for the interview. At first, the researcher must choose which type of interview is going to be conducted (Bailey, 2023). The interview questions must be prepared and tested in advance, and the channel used for the interview must be selected (Hirsjärvi & Hurme, 2022). The target group of the study must also be chosen carefully. The interviewees should have roughly the same experience and knowledge of the subject under investigation, meaning personal first-hand working experience and knowledge (Billups, 2021).

When the researcher is in contact with the interviewee for the first time, the researcher should briefly present the organisation conducting the research. The interviewee must be told why the person has been chosen as the subject of the study, as well as briefly describe the purpose and goals of the study (Bailey, 2023).

It must also be ensured that the interviewee is interested in being the subject of the research and agrees that the answers will be used for the purpose of the research (Hirsjärvi & Hurme, 2022).

Before the start of the actual interview, the interviews should be tested so that the researcher is well-prepared and so that any mistakes can be corrected before the official interviews (Saunders et al., 2019). Consent for the interview and data recording must be obtained from the interviewee (O'Reilly & Kiyimba, 2023). The interviewee must also be told about matters related to data processing, such as what the collected data is used for, how the data is stored, and where it is stored (Bailey, 2023). It is also advised to state the estimated duration of the interview and to rehearse that the information obtained will be used confidentially and in accordance with good scientific practise (Billups, 2021).

When the actual interview begins, the interviewer must remember to be polite and appreciate the interviewees' time. Extra information should not be collected even if the interviewee gives it, but it should be removed, and efforts should be made to keep the discussion on topic and within the time frame (Bailey, 2023). It is also essential that the interviewees can trust the interviewer so that the final result of the interview is as precise as possible (Billups, 2021).

When the interview is over, the researcher must transcribe the material obtained from the interviews (Hirsjärvi & Hurme, 2022). Transcription means converting the interview into text form, which makes it possible to analyse and group the data for the purpose of interpreting the research (Billups, 2021). Transcribing should be done so precisely that the answers of the interviewees and the meaning of the answers do not change (Neuendorf, 2017). The goal is to find the most important recurring themes from the point of view of the research and find supporting answers to the research questions (Krippendorff, 2019; Bailey, 2023).

3.4 Data collection

A qualitative research method was used so that it would be possible to get in-depth information and open answers about the topic of the research. Qualitative methods are best suited for researching in-depth knowledge and more recent topics (Saunders et al., 2019; Billups, 2021). The researcher is not aware that customer loyalty in the Finnish banking sector has been studied before; therefore, this method is well suited for this study and for gathering new information. International research on customer loyalty in the financial sector is also exclusively quantitative.

Semi-structured individual interviews were used to collect the research data. In this method, the questions and topics are defined in advance, but the interviewees can answer the questions in their own words (Saunders et al., 2019). This enables the semi-structured interview to get more in-depth information since the answer options are open (Bailey, 2023). In a structured interview, all answer options are predetermined. The other extreme is an open interview, where the conversation does not go according to a certain order or options, but the researcher has to lead the conversation in the right direction (Billups, 2021; Bailey, 2023).

In qualitative research, the study population is usually quite small, clearly smaller than in quantitative research (Saunders et al., 2019). In this study, data was collected from twelve semi-structured individual interviews. All the interviews were carried out remotely via Teams, so it was possible to reach experts from different locations and different companies, thus providing as comprehensive and representative a sample as possible. The interviewees were customer relations professionals from all the largest banks operating in Finland. Each interviewee had a long experience of at least 10 years in the field. Each interviewee was asked the same questions in the same order. The interview frame and questions used in the study can be found in the appendices of this study.

The interviews were recorded, and notes were also taken from the interviews. The recorded interviews were transcribed and translated from Finnish to English. After transcription, the data were analysed and grouped. Transcribed and grouped interview data and direct quotes from the interviewees were used to analyse the results.

3.5 Data analysis

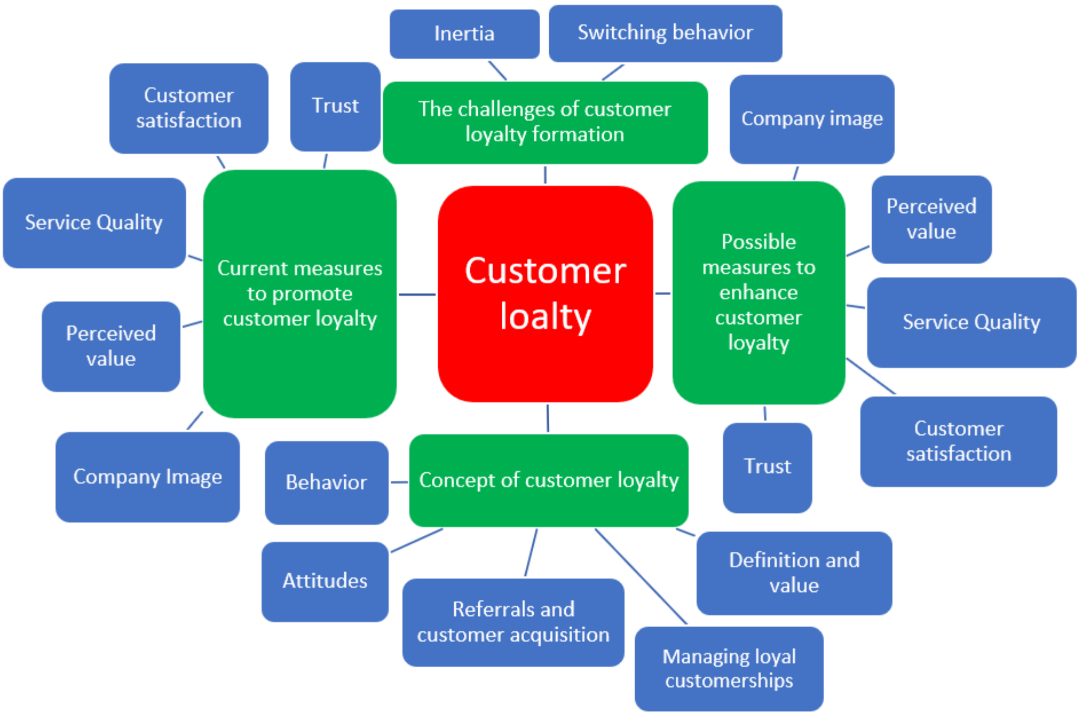
When analysing the data from qualitative research, the researcher must describe and group the data, looking for similarities and parallels (Krippendorff, 2019; Bailey, 2023). Differences and anomalies must also be interpreted from the data (Neuendorf, 2017). In the analysis of the data, the most relevant issues related to the research questions should be found (Saunders et al., 2019). Perhaps the most common way to analyse qualitative research is so-called content analysis (Neuendorf, 2017). The idea of content analysis is to extract the themes and similarities revealed in the interview by coding the material (Neuendorf, 2017). The most central topics related to the research questions are searched for using thematic analysis. In this way, research data can be structured into an easily interpretable form (Saunders et al., 2019; Bailey, 2023).

In the content analysis, direct quotations are used to illustrate the research results. (Neuendorf, 2017). The analysis can be performed either data-oriented, in which case a theoretical entity is created from the research material and previous theories or studies are not considered (Krippendorff, 2019). The research material can also be analysed based on a previous theory, in which case the data is interpreted and divided based on a previously known theory (Saunders et al., 2019). It is also possible to combine these two methods. Content analysis was used in this study to divide the results. The research results are reviewed by theme, in the same order as in the theoretical framework.

4 RESULTS AND ANALYSIS

This chapter discusses the study's findings and interprets the information acquired from the expert interviews. The study's findings are based on the key concepts and theoretical framework of customer loyalty. In addition, this chapter covers the empirical data and responds to the research question given for the study. To help explain the findings, direct quotes from the interviews are utilized, which are given as indented texts in the paragraph. The following figure illustrates the distribution of the results according to the theoretical framework and research questions into four different subcategories:

Figure 3: Breakdown of the results into a thematic map



Based on: The theoretical framework and research questions of the study

All four subcategories corresponding to the research questions are described on a green background. Under each subcategory, there are more detailed topics divided by determinants and subject areas on a blue background.

4.1 Background information of the interviewees

The research material was collected from the expert interviews. The interviews were in-depth semi-structured individual interviews lasting an hour on average. A total of 12 banking professionals from all major Finnish financial groups were interviewed. The work experience of the interviewees was diverse, and some also worked in supervisory positions.

Considering the nature of banking and financial services adherence to utmost privacy principles in this study was adopted, for example for each expert interviewee, only the bare minimum criteria for their banking or financial services expertise was collected and is reported here. Furthermore, each respondent was asked to specify their own descriptor to be used in this study, for example, senior advisor for 40 years.

Table 3: Background information of the interviewees

Interviewee	Descriptor	Industry experience	Interview Duration
1	Senior advisor	42 years	1h 4min
2	Investment specialist	14 years	57min
3	Regional manager	31 years	58min
4	Sales manager	16 years	56min
5	Senior private banker	19 years	51min
6	Account manager	18 years	57min
7	Investment manager	13 years	51min
8	Credit manager	12 years	59min
9	Credit specialist	30 years	56min
10	Senior personal banker	24 years	54min
11	Finance director	16 years	1h 2min
12	Account manager	17 years	1h 1min

Based on: Interview data, answers of the interviewees

In the following sections, interviewees and their quotes are referred to with numbers only, for example, interviewee 2.

4.2 Concept of customer loyalty

In this section, we will discuss the concept of customer loyalty and cover the first research question. The purpose of the interview questions in this subject area was to obtain information about the expert’s descriptions of the loyal customer and customer loyalty, what the value of a loyal customer to the bank is, and how loyal customerships are managed in the Finnish banking sector.

4.2.1 Definition and value of a loyal customer to the bank

The majority of the interviewees defined and understood customer loyalty as a long-term customer relationship where the customer is proactive and is the first to rely on their own service provider.

> *"A loyal customer is one who doesn't even ask for offers elsewhere."* (Interviewee 7.)

> [A loyal customer is someone] *"In whose phone book I am at the top, and who calls me when there is a need of any kind."* (Interviewee 8.)

At best, loyal customers rely solely on their own bank, which is of course a great competitive advantage for any bank. Another theme that emerged in over half of the interviews was trust. A loyal customer has a high sense of trust in the service provider, and the trust is mutual.

> *“Trust is everything, alpha and omega.”* (Interviewee 11.)

In several cases, the foundation of the loyal customer relationship was the mutual trust and positive experiences between the bank's contact person and the customer. Remarkably, as interviewees 5 and 10 noted, the trust was not directed solely to the bank, but in many respects, it was between two people, the customer and the employee. In order for a customer to become loyal to the bank, the customer relationship usually has to last several years. In other words, trust has been built over time based on positive service experiences. It was also common for loyal customers to concentrate their services on the same service provider, as interviewee 4 pointed out. Communication between the most loyal customers and the bank was regular, and the customers also trusted their bank in new matters and future acquisitions during life changes. Another way to measure customer loyalty is the customer's willingness to recommend the service provider. The common perception among interviewees was that loyal customers were also the most diligent to recommend.

> *"In the best case, customers can recommend"* (Interviewee 12.)

Customer loyalty is therefore composed of many different elements, and the more different elements apply to the same customer, the more likely it is that the customer will also become a loyal customer.

> *"When was the customership established, how has it expanded, what kind of services does customer use, how long have those services been in use, how regularly customer is met. Many different elements."* (Interviewee 10.)

When the interviewees were asked what the value of a loyal customer to the bank is, the most common answer was that the customer relies on their own bank first and does not go out to tender or switch banks as soon as a new need or challenge arises.

> "[The customer is] *committed to a certain service provider, and in general, then we will talk about the fact that the customer will certainly lean in the direction of that* [own bank] *in any question.*" (Interviewee 12.)

The customer relationship is therefore both more permanent and profitable from the bank's point of view. In addition to customer retention, the most loyal customers' willingness to recommend was perceived as a major benefit, according to interviewees 2, 7, and 12. Further, the increased costs of acquiring new customers, the tightening of the competitive field, and the ease of switching banks due to digitalization have all increased the importance of customer loyalty.

> *"The benefit of the bank is, of course, retention. So that we keep the customer with us, and on the other hand, customer also brings references to us."* (Interviewee 10.)

> *"It* [customer loyalty] *is really a valuable thing, since switching banks is ultimately quite easy for the customers these days."* (Interviewee 3.)

Expanding the customer base through additional sales and cross-selling by winning new opportunities is more straightforward when a bank has a loyal and well-established customer base. Of course, as interviewees 3, 4, and 9 noted, not all loyal customers were profitable for the bank. The interviewees identified several situations where the customer relationship might have lasted for decades or the customer's entire lifetime, but despite that, the customer was never profitable from the bank's point of view.

> *"A loyal customer can also be one who is not very profitable for the bank."* (Interviewee 4.)

This observation was made by some experts, and it is also supported by the customer loyalty theory. Nevertheless, such a loyal customer, who concentrated financial services on one service provider and had an active dialogue with the service provider, was almost always profitable and among the best customers from the bank's point of view. Investing in customer loyalty was also seen by most of the interviewees as an opportunity for the bank to gain growth and additional income.

> *"When the customer is satisfied, the customer base grows and expands, which in turn brings more income to the bank."* (Interviewee 10.)

"That way [by increasing customer loyalty] *we can build an entirety, which is greater than the sum of its parts."* (Interviewee 11.)

"After all, a satisfied customer generally buys more and commits more deeply in the big picture." (Interviewee 11.)

The benefits that a loyal customer base brings to the bank are manifold. The most important are the facilitation of additional sales, customer retention and commitment to the service provider, and valuable customer referrals in order to acquire new customers.

4.2.2 Managing loyal customers and the possibilities brought by digital technology

The most common way to manage loyal customers was some kind of loyalty programme rewarding customers with various benefits (interviewees from the larger banks). These benefits can be bonuses, a direct monetary reward, or various discounts on service fees or services of partner corporations. Some of the banks did not have an official loyalty programme (typically smaller banks), and therefore customers were not divided according to customer loyalty. According to interviewees 4, 6, 8, 9, and 10, the most typical way to segment customers concerned the amount of customer assets and the extent of service use.

"It is not so much related to customer loyalty, but perhaps to the financial entirety of that customer." (Interviewee 10.)

"We have selected according to our strategy, a certain customer target group, which gets its own contact person who is in contact with the customers at a certain frequency." (Interviewee 9.)

The wealthiest customers and those who use the services extensively or have the highest future potential received the most various benefits and tailored personal service.

"Profits and [customer] *potential are the key drivers."* (Interviewee 4.)

However, some interviewees (2, 3, 7) emphasised that they strive to serve all customers equally, and there was no different service model, at least officially, for the most loyal and wealthiest customers. Eventually, all banks had in common that they strived to get the customer to commit to the bank's services by getting to know the customer and the customer's interests.

"This is fairly compelling operating model, since you get to know the customer's interests thoroughly." (Interviewee 3.)

Customer loyalty was most visible and emphasized, especially in life situations where considerable changes had happened or were about to happen to the customer. Examples of this kind of life situation that emerged in the interviews were buying an apartment (interviewee 2), marriage or divorce (interviewee 1), deaths in close circles, or additions to the family (interviewee 11). In these situations, the customer often needed financial advice and information, and the need for new services also appeared.

> *"In general situations when* [customers'] *life situations change."* (Interviewee 11.)

Next, the interviewees were asked about the possible future opportunities brought by digital technology to the banks. Digital technology was seen to have multiple different possibilities already in the near future.

> "*After all, there are countless possibilities in the future.*" (Interviewee 11.)

In the interviews, the following ideas emerged: new practises to segment customers (interviewee 12), to offer targeted and timely communication and customer service (interviewees 2 and 4), and in general to serve more comprehensively and proactively.

> "*To monitor customer behaviour and in that way, maybe anticipate what the customer might need.*" (Interviewee 4.)

New digital services, especially mobile banking, were seen as a way to monitor the customer's purchasing behaviour (interviewees 4, 8, and 9). Of course, this is already done by many banks today, but it was seen that there is still a lot of growth potential here.

> "*The mobile application provides a lot of information about customers' purchasing behaviour and life situation and more.*" (Interviewee 2.)

Many interviewees saw mobile banking as having opportunities to activate customers since banks have services that customers are quite passive about or do not even recognise. For example, in matters related to investing, customers are, on average, not very self-initiative-oriented (interviewees 2, 7, and 10). Compared to mortgage matters, where the customer is practically always the initiator (interviewees 9 and 12), The interviewees 2, 4, and 7 were also of the opinion that their work will change and become more diverse in the future.

> "*I am quite sure, that my job will be different in the future.*" (Interviewee 4.)

Although the banks' goal is to improve the customer's service experience and bring efficiency, interviewee 3 noted that there is still a risk that customers feel that they are being monitored too much. Banks must therefore act ethically and carefully when developing digital services that are more accurate and gather more customer information.

4.2.3 Customer referrals and acquisition of new customers

As mentioned in the introduction of this master's thesis, talking about money is taboo for Finnish people, and therefore Finns tend to be quite careful with the recommendations regarding monetary matters and banking services. However, most of the interviewees were of the opinion that the most loyal and satisfied customers may recommend a well-serving bank and its services to their close circle. Companies were most likely to receive recommendations from customers when the service had been better than expected, at least slightly exceeding customer expectations. However, according to interviewees 6 and 10, the role of the individual employee is very significant. The same interviewees saw that the employee's own initiative was prominent in getting references.

> "*We can't just wait for customer to give us a reference, but of course we have to be active and ask for them ourselves.*" (Interviewee 10.)

> *"It depends a lot on the contact person, how the* [references] *are used."* (Interviewee 6.)

However, as interviewee 3 noted, GDPR and data protection reasons, as well as privacy concerns, have limited how banks can use customer references. According to most of the interviewees, the banks themselves did not actively collect references or did not have a strategy for that. Instead, individual employees could use referrals, and customers themselves could give recommendations or ask family members or friends themselves to contact the bank. In smaller banks, the role of customer recommendations seemed to be more significant than in larger banks. Nevertheless, both smaller and larger banks have to acquire new customers since the customer base is ageing and leaking.

Establishing new customer relationships has experienced changes with digitization and increased regulation. Some of the interviewees (1, 3, and 9) were of the opinion that both the costs for the bank and the effort have increased, while others (2, 4, and 7) thought it was mostly just increased effort.

> *"Yes, it* [regulation] *produces significantly more work on our end."* (Interviewee 4.)

> "*It has been a big expense for the financial sector.*" (Interviewee 3.)

However, not everyone was of the opinion that establishing customer relationships would be decidedly more difficult, as digitization and banks' digital tools and applications have also developed. For example, in the majority of cases, it is possible to become a customer online, and face-to-face meetings are not necessary anymore. Of course, banks have to do background checks and ask customers for a lot of information, but technology helps with this burden, and customers are already used to it. There was also a clear division between different services. On the corporate side and in the area of investment services (interviewees 2, 5, 7, and 10), the regulation was seen as much heavier than on the loan and day-to-day services (interviewees 4, 6, 8, 9, and 11). Overall, the megatrend is clear, but the phenomenon is perceived differently depending on the interviewee's own position in the company.

It is therefore clear that digitalization has affected and will affect the management of loyal customers and loyalty programs. There is a lot of data available; it can be used to draw conclusions about the services offered to customers, and it can also help to predict customer needs. A functioning mobile and online bank is already a basic requirement, and although there are still many customers who do not actively use either, the vast majority of customers are already fluent with both.

4.2.4 The effect of attitudes on the formation of customer loyalty

According to the experiences of the interviewees, customers' attitudes and prejudices towards banks significantly influence the formation of a loyal customer relationship. As interviewees 1, 4, and 10 pointed out, the appearance of banks in news headlines, often in a negative context, has led to a situation where people approach new banks critically and with caution. Customers' personal negative experiences or the experiences of a close circle can also affect the image of the bank even decades later. Banks should do everything they can to avoid service errors, or at least correct their errors without delay, so that the customer is not left with a far-reaching negative experience.

> *"Single unpleasant customer experiences also have a big impact* [on customer loyalty]." (Interviewee 4.)

Larger banks are often considered distant and faceless corporations, from which it is difficult to get personal service and to be met as an individual. Smaller banks, on the other hand, seem to have a more humane and personal image compared to larger banks.

> "[Big banks] *are not perceived so personal, perhaps a bit distant and cold* [compared to smaller banks]." (Interviewee 7.)

> *"Customers may perceive such a smaller bank easier to approach."* (Interviewee 6.)

On the other hand, interviewees 7 and 10 were of the opinion that a slightly more official or business bank image may convince some customers. Not all customers are looking for the same kind of bank for themselves.

Banks can greatly benefit from customers' attitudinal loyalty. The following sections are examples taken from the interviews, which clearly explain why. In life-changing situations, customer loyalty is emphasized, as stated earlier in the results and theoretical framework. If the customer's affairs have been well taken care of before the moment of change, the bank can win a lot. For example, if a married couple obtains a joint mortgage and are customers of different banks, according to interviewees 8 and 9, it is very likely that they will end up as customers of one of the two banks and most likely become customers of the bank with which they have had better experiences. This can be influenced by experiences as far back as childhood and youth about the functionality of services and the image of the bank.

Another example concerns investing and is from interviewee 11. If the customer has a previous history of saving and investing with the bank, it is more likely, in the case of receiving an inheritance, that instead of paying off the loan, the customer can invest this money. If this happens, the bank still retains its loan customers and, in addition, gets more investment sales. The customer also benefits from this in the long run when more money is left in savings and the customer's wealth grows.

So, we can see that positive experiences and attitudinal loyalty are valuable both in increasing sales and maintaining customer retention. There are also situations where the customer hasn't even thought that the bank could offer a service that the customer may have in use at another bank. In this case, attitudinal loyalty helps the bank gain additional sales and win this new opportunity.

> *"Maybe only half* [of the customers] *know that we also offer mortgages and investments."* (Interviewee 2.)

4.2.5 The effect of behaviour on the formation of customer loyalty

On the basis of interviews, very similar conclusions can be drawn about the behaviour of loyal customers as those presented in the theory of customer loyalty. The matter that came up most often in the interviews was related to the activity and initiative of the loyal customers. According to interviewees 6, 7, and 8, the most loyal customers contact their bank on their own initiative and, in general, communicate with their bank more often than other customers. The effect of behaviour on the formation of customer loyalty

> "[Customers] *call to that familiar contact person on their own initiative."* (Interviewee 6.)

According to interviewees 6 and 8, it seems to be due to the fact that the most loyal customers experience their customership more as a relationship than just a customership. The customership of loyal customers can also be strongly personalized, and especially in terms of asset management, it may last even if major changes take place in the bank. Sometimes the customer can also move from one bank to another with that contact person, as interviewee 3 mentioned. In general, loyal customers trust their bank's advice and are more likely to purchase new services recommended by their contact person at that bank.

> "[The customer] *does not question as much and is more receptive."* (Interviewee 2.)

Loyal customers also use their bank's services more widely, and loyal customers do not question their bank's advice or services as sensitively as other customer groups. In addition, loyal customers are most likely to give good recommendations, thus ringing in new customers for the bank.

4.3 Current measures to promote customer loyalty

This subsection discusses the means that banks already have to promote customer loyalty. These means are organised according to the determinants of loyalty presented in the theory framework, including company image, perceived value, trust, service quality, and customer satisfaction.

4.3.1 Company image

The commonly shared starting point among the interviewees is that the media writes about banks and the whole financial industry mostly in a critical tone. Whether it's information leaks, money laundering scandals, or other crises, This is why the preventive work done for the image is really important; after all, it is a business of trust.

> *"We are talking about the business of trust."* (Interviewee 12.)

> *" Preventive work* [for the image] *is extremely important."* (Interviewee 8.)

Therefore, in order to improve their image, banks themselves are present and increase their visibility in various positive contexts, such as sports events and events aimed at children and youth. Many events are also related to donations and charity. Banks also want to invest in people's financial skills and educate them. Social influence and responsibility are strongly highlighted topics.

> *"We have had a responsibility theme at the bank for a long time already."* (Interviewee 11.)

> *"Social influence, we are regionally in a very influential position."* (Interviewee 1.)

Banks wish to be seen in a positive light, helping people with their financial needs and skills. Banks aim to create an image as an easily approachable operator being present in people's everyday lives. A large audience still perceives many banks as distant and faceless institutions. This is something that banks aim to change by being present both locally and nationwide. Banks also advertise a lot, and social media channels are important, where the bank's successes and both customer and employee experiences are shared. The visibility of the bank's employees and own experts in the media is also important and increases the bank's credibility as a trustworthy partner.

> *"The main strategist visits the morning TV regularly."* (Interviewee 2.)

However, interviewees 1, 6, and 7 emphasised that ultimately, each employee's own contribution is really significant in building the bank's image. This image is built piece by piece in every customer encounter over time.

> *"Each employee is, in a way, the face of that bank towards the customer, so it really matters what kind of image the customer gets of that bank at that time."* (Interviewee 7.)

4.3.2 Perceived value

Banks strive to keep the value customers experience from the service as high as possible, above all by serving customers as individually as possible. Proactivity and quick availability of the service were often brought up in the interviews. It is also important that customers get their affairs handled through the service channel of their choice.

> *"Pro-active work, personal service, speed."* (Interviewee 12.)

> *"Customers would quickly have their affairs handled in the channel of their choice."* (Interviewee 7.)

The interviewees also emphasise that when making service promises to customers, one must be realistic and honest and not promise anything that cannot be redeemed. This is, of course, crucially important in building trust, too.

> *"The promises are kept and we will not promise anything that we cannot guarantee."* (Interviewee 10.)

In terms of both the customer's perceived value and customer satisfaction, it is essential that the customer gets what was promised. This gets even better if the bank can, even slightly, exceed the customer's expectations.

> *"The starting point should be, that the customer gets a little more than expected."* (Interviewee 8.)

According to interviewee 12, banks should encounter customers regularly, monitor how the customer's situation has developed, why it has developed in that direction, and determine whether the bank can be of any help. It was also considered important by interviewee 10 that customers know what and why they are paying for, meaning that they get good value for their money.

4.3.3 Trust

The undivided opinion of the interviewees was that banking is a business of trust. According to the interviewees, this cannot be overemphasized. Banks are trusted when everything works as it should and there are no negative surprises. The media is very sensitive to banks' mistakes and sanctions, and negative news can create long-lasting cracks in customer trust. It is also of paramount importance to be able to redeem the value promises made to customers, as stated in the previous paragraph. Thus, the customer's perceived value also affects the formation of trust in the long run, just as previous studies have shown. Trust builds slowly over time in each encounter with the customer.

"[Trust is built from] *daily work and every single customer encounter."* (Interviewee 8.)

Other trust-building actions brought up by interviewees 1 and 5 were awards and achievements that indicate the quality and responsibility of the bank's services. The bank's long operating history and large size can also bring security and trust to the customers, as a larger bank can be thought to be less likely to default in a crisis situation compared to a smaller bank. Seamless service and responding to customers' needs in a timely manner increase trust. According to interviewees 4 and 6, it is of the utmost importance in building trust that the customer gets the feeling that the bank is interested in the customer's affairs. The staff's own example and commitment to their employer are also seen as of great importance.

"One trust-building factor is that the staff is also committed to this bank." (Interviewee 3.)

Information security matters are also increasingly important, according to interviewee 12. Customers' trust in the bank is easily affected if there are problems with information security issues or, in the worst case, the customer loses money due to criminal activity. This also has a strong impact on the bank's image, as we stated earlier in the image section.

4.3.4 Service quality

Ensuring consistency emerged as a key theme in service quality among most of the interviewees. It is important that the banks' services are easily predictable and that no unfavourable surprises occur. Customers talk to each other, so it is also important for image and trust building to maintain consistency and a high quality of service. According to interviewees 1 and 6, one well-established practise to maintain high service quality is regular staff training. Employees must be aware of current economic issues and trends and know how to use this information for the benefit of their customers.

"*The quality of the service comes through staff's ongoing learning, training and self-development.*" (Interviewee 1.)

Products such as investment instruments, must also be of high quality, in order for customer to feel having high-quality service (interviewee 10). The services must be customizable to suit each customer's own needs. High-quality reporting and information aim to maintain a high-quality image of the service (interviewee 4). Today, it is also important that the customer feels that the service is effortless (interviewee 11). A well-functioning online bank and mobile bank also give an image of a high-quality service (interviewees 4, 8 and 9).

4.3.5 Customer satisfaction

Based on the interviews, factors that greatly influence customer satisfaction are the company's image, perceived value, trust, and the quality of the service. These are the same factors identified earlier in the theoretical framework. Customer satisfaction further influences the formation of customer loyalty, and according to the majority of the interviewees, the most satisfied customers are often the most loyal customers too.

> *"However, loyalty and satisfaction go hand in hand."* (Interviewee 8.)

Banks measure customer satisfaction regularly. The most typical way to measure is a short survey after a meeting or customer service situation. Customers can evaluate both their satisfaction with the bank's services and with their contact person. Regular customer satisfaction surveys aim to find out the points in the service that could be developed to improve the quality of the service and thus customer satisfaction.

> *"If there is a clear recurring theme, then we immediately know what needs to be tackled or what needs to be improved."* (Interviewee 3.)

Banks can identify recurring themes and develop the service based on customer feedback. In terms of customer satisfaction, it is also important that even negative customer experiences can be turned into positive ones in one way or another.

4.4 Possible measures to enhance customer loyalty

This paragraph discusses the interviewees' thoughts and suggestions about what could be done in banks to increase customer loyalty in addition to the means currently in use. The factors affecting customer loyalty are the same as in the theoretical framework and in the previous paragraph, which discussed the banks' current means of promoting customer loyalty.

4.4.1 Company image

To promote the banks' image, two themes in particular emerged in the interviews. The first was related to highlighting the different divisions within the banks, especially in larger banks (interviewees 2, 3, and 5). There are divisions in larger banks that are not acknowledged by the general public. Even if the bank is large and well-known, it may be that only a minority of the large audience knows anything about the bank's asset management or investment services. In particular, the different investment opportunities seemed to be unfamiliar even for the banks' own customers. Briefly, by increasing the visibility of different divisions, banks could alter their image in the eyes of both current and potential customers.

Another theme was related to the general visibility of the bank, for example, on social media, when banks renew their brand, or in the case of mergers and acquisitions.

> "*Visibility in social media should be increased.*" (Interviewee 2.)

Interviewee 3 pointed out that even if the bank's brand or name is new, there may be very experienced and notable personnel behind it. However, to the general public, a bank can easily appear as unfamiliar and inexperienced, which can further make it more challenging to win customers' trust and loyalty. In addition, the personnel's own role in strengthening the bank's image was seen as important.

> "*I believe that the personnel are one of the best contributors to the company's image, and employees could probably promote their employer even more strongly.*" (Interviewee 12.)

The bank can therefore improve its image by highlighting and advertising the skills and competences of its personnel, but the personnel can also build their employer's image through diligent work and appearance.

4.4.2 Perceived value

The common opinion of the interviewees was that the customer's perceived value can be improved above all by improving the quality of service and exceeding the customer's expectations. Personalized service and sufficient time to deal with the client's case were felt to be important.

> "*Individual service and better focus on customer service matters...more time for customers.*" (Interviewee 11.)

Pro-activity was also perceived as an important factor in value creation. By being proactive, it is easier to give the customer a caring image and win the customer's trust. In this way, it is also possible to differentiate yourself positively from your competitors.

> "*Proactive personal contact with the customer.*" (Interviewee 12.)

More attention could also be paid to the multi-channel service and the seamlessness of the service.

> "*Making it possible for the customer to be able to manage their affairs from the beginning to an end in one channel and seamlessly.*" (Interviewee 7.)

To be able to serve customers equally in every channel, banks have made large and expensive IT investments over the years, but there is still room for improvement. Customers should be able to handle the affairs easily and smoothly in the channel of their choice, and the information should flow seamlessly between the channels.

4.4.3 Trust

Based on the interviews, the means of improving trust can be divided into three categories. The first was the personalization of the service. Banks should prepare for customer encounters as well as possible, examine customers' needs, and try to answer those needs as precisely as possible.

> *"The personalization of the service, and the ability to understand what the customer needs from us and being able to respond to it."* (Interviewee 11.)

> "*I know things about that client in advance, which makes them aware that I have prepared for that* [meeting]." (Interviewee 5.)

The second issue was related to ensuring the security and functionality of the services. Exceeding expectations is not always necessary; it is also important to work actively to prevent failures. Avoiding scandals and staying away from negative news can also be seen as preventing factors that improve customers' trust.

> "*To guarantee that the services are safe and functional.*" (Interviewee 2.)

The third factor is related to the common values of the bank and the customer. It is a growing phenomenon, particularly among younger customers, that customers are interested in the bank's values and want to ensure that they are in line with the bank's own values.

> "*Especially among young customers, there is a growing number of those for whom it is important that the bank's values also correspond to their own values.*" (Interviewee 4.)

4.4.4 Service quality

From the interviewees' point of view, the starting point for good service quality was that the bank is a reliable and safe partner. Things must go according to the customer's expectations and regulations. Deviations from this can easily become expensive for the bank.

> "*The starting point is…that we are a safe and a reliable partner.*" (Interviewee 11.)

Utilizing more digitization, data, and even artificial intelligence, efficiency could be increased, as could the quality of the service. Timely and even proactive identification of customer needs and responding to them would be a great opportunity.

> "*If we could better utilize our existing customer data, I bet that we would notice the customer's need before he or she knows it.*" (Interviewee 11.)

As for improving the quality of service, perhaps the most significant development potential was seen in the bank's personnel. According to interviewees 1 and 12, fitting recruitment was seen as important, especially for those working in the customer interface. However, the continuous training and education of the personnel, in order to maintain and strengthen their professional skills, was seen as even more important.

> *"Certainly, the continuous coaching and training of the staff. The fact that we can recruit staff, who are enthusiastic to provide our customers with all-encompassing high-quality services."* (Interviewee 12.)

4.4.5 Customer satisfaction

The means of improving customer satisfaction can be summarised as increasing customer orientation. Communication with the customer and active listening and reacting to the customer's wishes are seen as important. In particular, providing good service in challenging economic times was seen to increase both customer satisfaction and trust in the service provider.

> "*We are also in contact with our customers when times are challenging, not only when everything goes as planned.*" (Interviewee 10.)

> *"We listen and hear our customers hints and wishes, and take them forward and in practice too."* (Interviewee 12.)

Investing in service availability and speed was also seen to increase customer satisfaction, especially during busy hours and days. It is significant to be able to serve the customer quickly, especially if the matter is urgent.

> "*Banks have a common problem, when there are a lot of customers to serve, that the accessibility is not always at a terribly high level.*" (Interviewee 2.)

> "*The ability to fix things is extremely important, so that we can solve those potential* [customers'] *challenges quickly.*" (Interviewee 11.)

Hiring additional staff and developing digital and intelligent automatic service channels was proposed as a solution for this by interviewees 2 and 11.

4.5 The challenges of customer loyalty formation

This paragraph discusses two phenomena identified as significant in previous studies that slow down or hinder the formation of loyal customer relationships. The terms inertia and switching behaviour are used to describe these two phenomena. The meaning of the terms was explained to the interviewees during the interview. The interviewees recognised the existence of both phenomena.

4.5.1 Switching behaviour

Switching behaviour was a well-recognized phenomenon among the majority of the interviewees. Most of the respondents also knew that switching behaviour is somehow measured at their bank, usually based on cash flows or assets under the bank's management.

> "*We do monitor regularly how many power of attorneys we will receive, and how many customers leave and reasons why they leave.*" (Interviewee 12.)

Above all, it was seen by the majority of the interviewees that the main reason for a customer to switch banks was dissatisfaction with the perceived service. The second reason was thought to be price competition (interviewees 1, 4, and 9), which has become more common because of the ease of doing comparisons and switching banks online.

> *"Certainly, in recent years, there have been challenges in many banks in terms of not being able to serve fast and efficiently enough. And because of that customers have asked offer from another bank."* (Interviewee 11.)

However, there was some variation between the different service categories. In services where the customer was most often met face-to-face, such as private banking services, the customers' willingness to switch was clearly lower than, for example, in credit and day-to-day banking. According to interviewees 9 and 10, this was largely due to the fact that the banking relationship was clearly personalized, and in addition, the customer relationships were long-lasting. If the customer's relationship with the bank had been long and he had used several different services and had a lot of assets under the bank's care, it was unlikely that this kind of customer would change the service provider.

> "*Product choices help with the customers' persistence, so that it is not wise for customer to switch banks.*" (Interviewee 4.)

> "*Customer loyalty is quite strongly linked to mortgage for example. Customers are pretty loyal to the bank where they have that loan.*" (Interviewee 2.)

Interviewee 3 noted that if the offered service was valuable and met the customer's expectations, service errors and image damages were easier to forget. Interviewees 4 and 11 thought that if the customer had several services from the same bank and was satisfied with them, there would not be a reason to make the effort and consider switching banks. Despite the fact that switching banks is easier today than ever before, according to the experiences of the interviewees, it is still tedious for the customer, at least at the level of thought.

Banks have different ways to reduce customers' willingness to switch. The most permanent is certainly the above-mentioned means of winning the customer's trust in the long run, by meeting the customer's expectations, keeping the customer satisfied, and finally winning the customer's trust.

> "*It is primarily important to keep our current* [customers] *satisfied so that we will also get new* [customers] *in the future.*" (Interviewee 11.)

> "*In certain services customers' requests are prioritized in the queue and reacted faster. This is part of the customer retention.*" (Interviewee 9.)

Different bonus and reward systems also reduce the customer's willingness to switch, as the customer may lose various benefits when switching banks. Just as it was recognised in previous studies, the interviewees 1, 3, 11, and 12 also recognised that the so-called switching barriers exist, and they are both financial and measurable in terms of effort. Customers often find switching banks tiresome and inconvenient, and that's why they avoid doing so.

Regular dialogue with the customers and mapping the customers' needs were seen as important preventive measures, according to the majority of the interviewees. Banks also have some automated indicators to tell if the customer is planning to change banks. For example, interviewees 3, 5, and 11 brought up the fact that if the customer sells all his investments, it can be a sign that the customer is switching banks, and then the system can notify the customer's contact person about it. The contact person's initiative also plays an important role in detecting switching intentions.

However, if the customer ends up switching banks, the former bank can ask for feedback and inquire about the reasons for switching. This information can be addressed to prevent switching behaviours in the future. Sometimes the customer relationship can be saved, although it is often too late at this stage.

> "*We quite often already know the exact reasons why a customer leaves.*" (Interviewee 3.)

On the other hand, the withdrawal of some customers can also be beneficial, since not all customers are profitable for the bank. For example, according to interviewee 6, corporate customers are selected more carefully, and the bank does not want all companies as customers since the risks may be greater compared to private customers. Also, according to interviewee 4, customers who only use the bare minimum of services are not likely to be profitable for the bank.

4.5.2 Inertia

The interviewees' answers regarding inertia were partially consistent with the answers in the switching behaviour chapter. Inertia as a phenomenon was recognised by half of the interviewees, but it was not perceived to be quite as clear and easy to identify as switching behaviour. Interviewees 1 and 9 also thought that inertia might have been a more common phenomenon in the past, but its significance would have decreased over time.

> "*Yes, this kind of phenomenon* [inertia] *exists, but I think that today's customers are so price-conscious and aware that this* [inertia] *was probably more common previously than it is nowadays.*" (Interviewee 9.)

Interviewee 10 also thought that the shrinking of the banks' branch network has partially led to a decrease in the number of customers prone to inertia. Also, interviewee 5 noted that since the appointments usually have to be booked several days or even weeks beforehand, customers prone to inertia would not probably make an effort to do so.

The interviewees did not recognise that banks would actively work to minimise inertia. This was due to both the fact that recognising inertia is challenging and the fact that nowadays it is not perceived to be as notable a problem as it might have been in the past. Instead, one measure to reduce inertia was brought up by interviewees 1, 4, and 5. Here, the role of individual employees is important, but the bank managers can also adopt this method more widely throughout the entire bank. Involving and engaging customers by offering them a wider range of banks' services turned out to be the single most important measure to reduce inertia.

> "*If a person only has a single bank account or something like that with a very narrow selection of services, then maybe the best way would be to introduce and implement other services available.*" (Interviewee 4.)

If the customer has several different services in use, then the customer usually takes the customer relationship more seriously, which makes trust and customer loyalty more likely to form. Ultimately, personal service and regular dialogue with customers were seen to be of great importance in reducing inertia, according to interviewee 5. Engaging customers who have become customers through digital channels and who have never been met in person was seen as especially challenging, according to interviewee 6.

> "*The more we are close to those customers, I believe that the stronger we are* [in customer engagement]." (Interviewee 12.)

The interviewees 5, 9, and 12 identified situations where the customer has just quietly left without announcing anything and switched banks. Most of the interviewees believe that with personal service and getting closer to the customer, some of these switches could have been avoided. On the other hand, customer retention is perceived as more difficult these days. It is therefore quite natural that not all customers can be kept, or that it is not necessarily profitable for the bank to keep them as customers.

> "*Customer retention is more difficult these days.*" (Interviewee 9.)

5 CONCLUSIONS

This chapter discusses the conclusions of this master's thesis. The first subchapter presents the theoretical contributions, divided by the theoretical framework. The second subchapter presents the managerial implications in the order of the research interview themes. In the final chapter, the limitations of this research are analysed, and suggestions for future research are presented.

5.1 Theoretical contributions

The aim of this master's thesis was to study customer loyalty in the Finnish banking sector. The second chapter of this master's thesis presents the concept of customer loyalty and the determinants of customer loyalty formation. This master's thesis included four research questions, all of which are discussed in this paragraph in light of the research results. In order to conclude the results of this research, the research questions of this master's thesis are answered in this chapter.

5.1.1 What is the value of a loyal customer to a bank?

The theoretical framework of this study and the expert interviews both began with the definition of customer loyalty. The first and most evident determinant that came up in the interviews was trust. A loyal customer has a high sense of trust in the service provider, and the trust is mutual. Practically every interviewee shared this opinion. According to Thuy & Quang (2022), banks should begin with trust when building loyal customer relationships. Boonlertvanich (2019) adds that the prerequisite for a long customer relationship is trust. This also applies to customers who became customers via digital channels without human interaction. This finding is in line with the findings of Dos Santos (2020). In the digital context, customers have to be able to trust the bank's digital systems and online bank, in addition to the fact that they trust the bank itself too. Further, loyal customers' buying behaviour became repetitive same-brand or same-brand-set purchasing, despite situational influences, as Oliver (1999) described it.

Another significant finding supporting the previous definitions of a loyal customer was that customer loyalty is built on several different determinants. A lack of even one determinant, such as trust, can break a loyal customer relationship. Therefore, the more determinants a loyal customer relationship consists of, the more likely it is that the customer relationship will last a long time. In this study, seven different determinants were examined. Based on the interviews, all of them were found to have an effect on the formation of customer loyalty. There are certainly more determinants, and they could be investigated in more detail in future studies.

Banks benefit from loyal customers in various ways. The most common answer was that the customer relies on their own bank first and does not go out to tender or switch banks as soon as a new need or challenge arises. Customer commitment and retention were seen as the most significant values for the banks, as the competition is fierce and attracting new customers is expensive. This finding supports the theory that customer retention and repeat purchases are the most significant benefits for banks (Prasetyo & Ariawan, 2022; Quang et al., 2022).

However, according to interviewees, the benefits that a loyal customer base brings to a bank are manifold. Other significant value contributors identified were loyal customers' willingness to recommend and give valuable customer referrals (Deventer & Redda, 2021) and the opportunity for additional sales through cross-selling and expanding the customer relationship to new products (Christanto & Santoso, 2022). According to interviewees, customers who bought a wide range of services were often the most profitable for the bank (Boonlertvanich, 2019).

5.1.2 How do banks aim to foster and further enhance customer loyalty, taking into account the determinants of customer loyalty?

Banks operating in Finland seem to have fairly similar means of managing and segmenting their customers. The most common way to segment customers is by the amount of customer assets and the extent of services in use. Banks therefore do not segment their customers according to customer loyalty, but mostly according to customer assets. Although the segmentation and loyalty programmes differed slightly between the banks, the common goal was to get to know the customer as well as possible in order to offer the widest possible range of suitable services.

Digital channels and services were seen to offer multiple approaches to foster and further enhance customer loyalty. Notably, mobile banking was seen as a way to monitor and predict the customer's purchasing behaviour. By doing so, it would be possible for banks to anticipate the needs of their customers and serve them more accurately, without delay, and in a timely manner. Banks already have a huge amount of customer data available, especially larger banks. They can offer a large variety of other services in addition to regular banking services through their cooperation networks. The challenge is the proper utilisation of the data. Previous studies have also highlighted the enormous opportunities brought by mobile banking and customer data, which are still largely untapped (Christanto & Santoso, 2022; Prasetyo & Ariawan, 2022).

Next, the differences between attitudinal and behavioural loyalty from the banks' point of view were discussed. Banks aim to foster customer loyalty, and an excellent opportunity for this is when customers' life situations change. In these events, the customer is most receptive, and the bank has the best opportunity for additional sales and to deepen and widen the customer relationship. Succeeding in these moments brings far-reaching positive benefits for the bank.

Based on interviews, customer attitudes have a significant impact on customer loyalty formation. Individual customer experiences can have long-term positive or negative effects on customer relationships. For this reason, especially in the banking sector, negative experiences should be avoided at all costs, and the customer's positive surprise should be emphasized. In terms of maintaining a customer relationship, it is important that the customer have strong attitudinal loyalty towards the bank. As Nguyen et al. (2020) explained, customer attitudinal loyalty can be understood as the customer's tendency to maintain a relationship with the service provider.

On the basis of interviews, very similar conclusions can be drawn about the behaviour of loyal customers as those presented earlier in the theoretical framework (Bakar et al., 2016; Özkan et al., 2019; Zhao et al., 2021). The most loyal customers contact their bank on their own initiative and, in general, communicate with their bank more often than other customers. A considerable difference between behaviourally loyal customers and other customers is that behaviourally loyal customers experience their customership more as a relationship than just a customership. In general, loyal customers trust their banks more and are likely to purchase new services recommended by their own bank’s contact person.

5.1.3 How do banks perceive and measure customer loyalty?

The assumption was that banks do not truly measure customer loyalty or use it to segment their customers. However, banks work in many areas to increase customer loyalty, partly consciously and partly unconsciously. As Bakar et al. (2016) found, the most common way for banks to measure customer loyalty was by investigating transaction and sales data. According to the interviewees, this was also the case with their employers. However, it would be useful for banks to use customer loyalty as a measure, especially attitudinal loyalty, because transaction and sales data are lagging indicators. By measuring attitudinal loyalty, banks could better predict customers' future behaviour. This data can help companies understand, for example, how to prevent customer churn since the attitudinal perspective of loyalty tells us how customers feel about the brand, company, or service (Nguyen et al., 2020).

When discussing the importance of a company's image in the formation of customer loyalty and trust, the importance of preventive work occurred the most. Damage to the image can easily become very expensive. It is of the utmost importance for banks to avoid image losses and to strive to build an easily approachable image (Özkan et al., 2019; Christanto & Santoso, 2022). Although banks spend a lot of money on advertising and building their image, many still have room for improvement in increasing their visibility. Especially larger banks have a lot of services that are not in the awareness of the general public. The role of the bank’s own employees in highlighting these is significant.

When the goal is to maximise customers' perceived value, proactivity and quick availability of the service were often brought up in the interviews. The starting point should be that customer expectations are at least slightly exceeded. This is because when the customer feels that the company or service provider will no longer offer adequate value, they are more susceptible to a competing service provider and are more likely to switch banks (Kant et al., 2019). Although the banks are already investing in increasing customers’ perceived value, the same factors, which already provide value for some customers, were seen as the biggest areas for improvement too. Investing in fluent online and mobile banking is seen as important since the majority of banks' services are online nowadays (Prasetyo & Ariawan, 2022).

Trust between customers and companies is a topic that every company wishing to build long-term customer relationships should take carefully into account (Boonlertvanich, 2019). According to the interviewees, the importance of trust cannot be overemphasized. Trust can be said to be the first degree of loyalty, which over time leads to permanent loyalty (Dos Santos et al., 2020; Thuy & Quang, 2022). Trust is especially important in the banking industry, where people's money is handled. According to the interviewees, trust is most straightforwardly built by personalising the service, taking care of the seamlessness and security of the service, and communicating the bank's own values.

In order to guarantee the quality of the service, the bank must be able to serve its customers predictably and consistently. This is in line with previous studies (Makanyeza & Chikazhe, 2017; Prasetyo & Ariawan, 2022), which identified service quality as consisting of certain dimensions. Variation in service quality and unpredictability easily damage the perceived quality of service. Service quality serves the company’s interests best when there is not too much of a negative divergence between customer expectations and the performed service quality (Prasetyo & Ariawan, 2022). According to interviewees, in order to improve the quality of the service, it is essential to ensure the competence of the bank’s personnel through continuous learning and training. Christanto & Santoso (2022) also highlighted the importance of continuous personnel training.

Based on the interviews, determinants greatly influencing customer satisfaction were the company's image, perceived value, trust, and the quality of the service. These are the same determinants identified in earlier studies by Nguyen et al. (2020) and Quang et al. (2022). According to interviewees, the easiest way for any bank to improve customer satisfaction is by serving its customers as customer oriented as possible. Dos Santos et al. (2020) found in their research that long-lasting customer satisfaction often requires both time and the company's ability to be flexible and respond to customers' altering expectations and needs. The key is that banks are able to meet the needs and wishes of their customers, because customer satisfaction primarily indicates the company's success in meeting the customers' expectations and needs (Özkan et al., 2019; Dos Santos et al., 2020).

5.1.4 What banks can do to prevent customer churn and inertia and sustain the right customers?

Finally, banks' means to prevent customer churn and reduce inertia are discussed. Both inertia and excessive customer churn can be expensive for the bank. The interviewees recognised both phenomena. According to interviewees, the main reasons for customers to switch banks were dissatisfaction with the service and price competition. In their study, Thuy & Quang (2022) recognised dissatisfaction as being among the main reasons for customers to switch banks. And since comparing and switching banks has become easier due to digitalization, the importance of price competition has also increased.

However, a loyal customer base is an effective way to minimise customer churn. If the customer's relationship with the bank had been long and a wide range of services were in use, it was unlikely that this kind of customer would switch banks. Findings by Boonlertvanich (2019) and Zhao et al. (2021) also support this discovery and also emphasize that the introduction of a wide selection of services can create a switching barrier, in which case it can be difficult or disadvantageous for the customer to switch banks.

Furthermore, according to interviewees, the most effective way to reduce inertia was to involve the customer and get the customer to use the bank's services as widely as possible. This is because a customer who has extensive services in place usually takes the customer relationship more seriously. Inertia is a form of passivity, and companies should offer incentives for repeat purchases (Thuy & Quang, 2022). Switching barriers were also recognised as an effective way to reduce customers' willingness to switch. Various loyalty programs, bonuses, and achieved benefits work effectively as switching barriers. The downside of high switching barriers for companies is that they can passivate the customer and increase inertia if the company is not active towards the customer at the same time (Deventer & Redda, 2021; Christanto & Santoso, 2022). Therefore, regular dialogue with the customers was seen as important in reducing both willingness to switch and inertia.

To conclude, customer loyalty is a challenging subject for research. Therefore, it was difficult to make an unambiguous breakdown between attitudinal and behavioural loyalty since this has not been done in the majority of previous studies concerning the banking industry. Instead, customer loyalty is presented as a single phenomenon. This further made the design of the theory framework challenging.

Since financial services are practically intangible, achieving a high level of customer loyalty is very important (Quang et al., 2022). In financial services, bank loyalty is formed above all in interactions between people, banks' employees, and customers (Mainardes et al. 2019). Additionally, acquiring new profitable customers in the banking sector is more expensive than in average business and takes much more time and effort. The interviewees were very unanimous about this. In addition to this, the costs of establishing a new clientship are high and have only increased in recent years.

All the above-mentioned reasons should foster banks' interest in better understanding the formation of customer loyalty and long-profitable customer relationships. Profitable, loyal customers also tend to buy more and recommend the company to their acquaintances (Deventer & Redda, 2021). Additionally, compared to attracting new customers, it is more valuable for banks to discover what drives current customers to remain loyal or switch banks. The root causes of customer churn include some of the most important unused business information. For this reason, every company should monitor their customer churn rate and the reasons behind it with great interest (Zhao et al., 2021).

5.2 Managerial implications

In addition to theoretical contributions, this master's thesis also presents managerial implications. The aim of this master's thesis was to study customer loyalty in the Finnish banking sector. The theoretical framework is complemented by the knowledge and experience of professionals in the banking industry. Results and interview data offer practical suggestions and propositions.

The results based on this research highlight the significance of customer loyalty in the banking business. The significance of this topic has also been observed in previous studies, and customer loyalty as a phenomenon has been one of the most significant areas of interest in marketing research. However, it seems that the phenomenon has not been comprehensively studied in the Finnish banking sector. Since the Finnish banking sector is very unique and digitalization has greatly affected the operations of banks and customer management, it is a meaningful and relevant topic to study in the Finnish context as well.

First of all, based on the research results, it can be said that customer loyalty is a goal worth pursuing and a great competitive advantage. especially in the banking industry, where all business is based on trust. The business of trust means that cracks in trust should be avoided by all means possible. Larger service errors and technical problems are always expensive, and when an error occurs, banks should correct them quickly. A loyal customer will forgive many mistakes if they are dealt with immediately and the client is well informed. Managers should prepare and train staff for different situations so that the reaction is quick.

Visibility and differentiation seemed to be difficult for some banks, or at least for different divisions of the bank. Customers and potential customers should know what the bank offers. It is important for the staff to map out customers' needs and strive to engage customers and increase customer loyalty by offering comprehensive services so that customers can focus their activities on one bank.

Managers could emphasise the skills of their staff and the successes of their bank. Social media is a good channel to promote both. By doing so, banks' operations will become more humane and closer to customers. The continuous training of personnel and the strengthening of professional skills were also felt to be very important factors for increasing the quality of the service and thereby increasing customer loyalty.

In order to reduce bank switching behaviour and inertia, perhaps the most effective means is to keep customers involved. A customer who is contacted and who uses a wide range of different services from the bank is not likely to switch banks. The phenomenon of achieved benefits must also be recognized. Switching barriers are significant and real if the customer loses benefits from switching banks. These benefits can include, for example, tailored services, discounts, and bonuses. Transferring all this and getting the same service from a new bank can be difficult or, at the very least, time-consuming. Therefore, banks can engage their customers by offering them a wide and customised product selection.

Digital technology and its development must be seen above all as an opportunity. Bank managers should adopt new technology more widely and ensure that digital services work effortlessly and are easy and seamless for customers to use. Employees must also be trained to use new digital tools to make their work more efficient. Efficiency and cost savings can be achieved with new technology, but the greatest potential would seem to be in utilising data, personalising the service, and anticipating customer needs.

However, customer retention is challenging these days since customers are more price-conscious, and at the same time, switching banks and comparing banks online has become easier. Taking this into account, customer loyalty is a significant competitive advantage, as loyal customers are less likely to compare or switch banks. Loyal customers also recommend the bank to their close circle. This is especially valuable at a time when competition is fierce and acquiring new customers is laborious and expensive.

5.3 Limitations and future research suggestions

In this chapter, the trustworthiness and limitations of this research are evaluated through its validity and reliability. Reliability means that regardless of the researcher, the research should be repeatable and, by doing so, consistently produce similar results (Neuendorf, 2017). Validity refers to the extent to which the conclusions of the study give an accurate description of what is being measured (Krippendorf, 2019). Validity and reliability also affect the impartiality and quality of the research, which is why they should be acknowledged throughout the research (Saunders et al., 2019).

The reliability of the research is affected by human errors made by the researcher and so-called researcher bias (Bailey, 2023). Researcher bias is a phenomenon where the researcher's own attitudes and views have an effect either directly on the interviewees and their answers or on the evaluation and interpretation of research results (Neuendorf, 2019). In this study, efforts were made to ensure reliability through careful planning. The interview questions were prepared in advance based on the theoretical framework and piloted with two test interviewees. Next, the necessary corrections were made before the final interviews. Each interview was conducted according to the same pattern and in a similar order. The researcher's own involvement in guiding the interviewee’s answers was minimal. In addition, the interviews were recorded and transcribed to increase their reliability.

In addition to reliability, the quality of research is affected by validity (Saunders et al., 2019). In order to ensure the validity of the research, the researcher must pay attention to the way the research data has been collected, the data analysis methods, and finally be able to find generalizable results from the data (Krippendorf, 2019). In this study, careful planning was made to ensure the correctness of data collection and analysis by selecting the most applicable methods for this research setting. No personal information was collected from the interviewees, as ensuring their anonymity was of paramount importance. This also had the advantage that anonymity has been studied to encourage interviewees to give more truthful answers (Bailey, 2023). The validity of this study and the credibility of the answers of the interviewees were also increased by the fact that the interviewees had the opportunity to change or supplement their answers at any stage of the interview.

This research however has some limitations. The research data was collected through online interviews using Teams video interviews. Online interviews were convenient and necessary, as the interviewees were from several different locations and companies. In principle, the validity of online interviews is not as high as the validity of face-to-face interviews, as some information may be lost (Bailey, 2023). Also, the interviewees’ answers are based on their own knowledge and working experience, and therefore the generalisability of the results is limited. Data was collected only from the Finnish banking professional working in banks in Finland.

In the future, to gain a deeper understanding of the phenomenon, this research could also be supplemented with quantitative research methods. In order to form a broader understanding of the customer loyalty phenomenon, interviewees could be recruited from several different countries. It would also be interesting to study the customers' point of view using these same methods, since only expert interviews were used as data in this study. In addition to experts, more professionals operating across organisational boundaries, such as banking researchers, could have been recruited to be interviewed. New perspectives could have been obtained from the people working with development and strategic planning in the banking industry.

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APPENDIX 1: INTERVIEW QUESTIONS

1. Asiaskasuskollisuudesta yleisesti
    a. Miten määrittelisit omassa työssäsi asiakasuskollisuuden tai uskollisen asiakkaan?
    b. Mikä on mielestäsi keskeisin uskollisen asiakkaan arvo pankille?
    c. Millä tavalla pankissanne tunnistetaan uskolliset asiakkaat muusta asiakaskunnasta? Johdatteko uskollisia asiakkuuksia eri tavalla kuin muita asiakkuuksia?
    d. Miten pankkinne mahdollinen kanta-asiakasohjelma palkitsee uskollisia asiakkaita?
    e. Voitko antaa esimerkkejä sellaisista asiakasprofiileista tai asiakkaiden elämäntilanteista, joissa pankkiuskollisuuden merkitys mielestäsi korostuu?
    f. Tutkimusten mukaan asiakkaan suositteluhalukkuus on yksi merkittävimpiä asiakasuskollisuuden mittareita. Kuinka pankissanne käytetään asiakassuosituksia?
    g. Kokemuksesi perusteella, onko asiakasuskollisuudella ja asiakkaan kannattavuudella yhteyttä? Voidaanko esimerkiksi sanoa, että uskolliset asiakkaat ovat keskimäärin myös kannattavimpia asiakkaita pankille?
    h. Miten näet uusien asiakkuuksien perustamisen kustannukset, ovatko ne kasvaneet esimerkiksi lisääntyneen sääntelyn myötä?
    i. Miten ajattelet asiakkaidenne tuntemusten ja asenteiden vaikuttavan asiakasuskollisuuteen? Voitko antaa jonkin esimerkin?
    j. Mitä asiakkaidenne ostokäyttäytyminen mielestäsi kertoo asiakasuskollisuudesta? Voitko antaa jonkin esimerkin?
    k. Näetkö miten digitaalinen teknologia, kuten mobiilipankki tai tekoäly, muuttavat uskollisten asiakkuuksien strategista johtamista tulevaisuudessa?

2. Mitkä ovat tällä hetkellä mielestäsi pankkinne keskeisimmät keinot ylläpitää…
    a. Hyvää imagoa asiakkaidenne keskuudessa?
    b. Asiakkaiden kokemaa palvelusta saatavaa arvoa?
    c. Asiakkaiden luottamusta pankkianne kohtaan?
    d. Palvelun laatua?
    e. Asiakastyytyväisyyttä?
    f. Asiakasuskollisuutta?
3. Arviosi mukaan, mitä pankkinne voisi tehdä vielä nykyistä enemmän parantaakseen…
    a. Imagoaan asiakkaidensa silmissä?
    b. Asiakkaiden kokemaa palvelusta saatavaa arvoa?

    c. Asiakkaiden luottamusta pankkianne kohtaan?
    d. Palvelun laatua?
    e. Asiakastyytyväisyyttä?
    f. Asiakasuskollisuutta?
4. Monissa yrityksissä kiinnitetään kasvavissa määrin huomiota asiakaskatoon, eli asiakkaiden siirtymiseen pois yrityksen palvelujen piiristä. Yksi syy miksi yrityksissä kiinnitetään tähän erityishuomiota on se, että uuden asiakkuuden perustamiskustannukset ovat tyypillisesti huomattavasti suuremmat kuin olemassa olevan asiakkuuden ylläpitämisen kustannukset.
    a. Osaatko sanoa, kuinka paljon pankissanne kiinnitetään huomiota asiakaskatoon? Mitataanko jotenkin, kuinka paljon tai minkälaisia asiakkaita pankkinne menettää?
    b. Minkälaisia keinoja pankillanne on tällä hetkellä asiakaskadon minimoimiseksi?
    c. Mitä pankkinne voisi mielesi tehdä nykyistä enemmän asiakaskadon minimoimiseksi?
5. Asiakaskadon minimoimisen lisäksi toinen merkittävä keino asiakasuskollisuuden kasvattamiseen on inertian vähentäminen. Inertialla tarkoitetaan tässä yhteydessä asiakkaan taipumusta asioida vain tavasta johtuen. Eli toisin sanoen asiakasuskollisuudelta vaikuttavan tilanteen, jossa ei kuitenkaan ole kyse todellisesta asiakasuskollisuudesta.
    a. Tunnistatko tämänkaltaisen asiakkaan työstäsi? Osaatko sanoa, kuinka yleinen tämä ilmiö on pankkinne asiakkaiden keskuudessa?
    b. Osaatko sanoa, onko tämä tunnistettu ilmiö pankissanne? Minkälaisia keinoja pankillanne on tällä hetkellä inertian vähentämiseen?
    c. Mitä pankkinne voisi mielesi tehdä nykyistä enemmän sitouttaakseen asiakkaita aidosti, ja täten vähentääkseen vain tavasta asioivien osuutta?