

Value for banking



The evolution of the financial system resulted in a drastic increase in competition in the banking sector. Banks need to provide value for customers to retain them. Micro-enterprises refer to registered and licensed businesses that have one to two full-time employees. They have been found to be particularly dissatisfied with the state of their relationships with banks. Thus, banks need a better understanding of what micro-enterprises want, so that banks can create, maintain and grow long-term relationships with these customers.

A research study was conducted by Natalie Sithole, a [Master's](#) student in the [Department of Marketing Management](#), to establish the prediction of perceived value within the relationship banking context, specifically focused on the relationship between micro-enterprises and banks, since research on micro-enterprises as customers in the customer-bank relationship is under researched. The study investigated whether communication, conflict handling, economic satisfaction and perceived investment could predict perceived value for micro-enterprise banking customers.

The data used in this research study were acquired as secondary data from the Department of Marketing Management. The original 379 responses were collected via a voluntary, self-administered online questionnaire which ensured respondents' anonymity.

Although findings revealed that communication and conflict handling are important antecedents of perceived value, economic satisfaction proved to be the strongest

antecedent. Contrary to previous research, perceived investment was found to have an insignificant effect on perceived value. The surprising result could possibly be explained by the differing contexts and units of analysis adopted in the respective studies.

The results suggest that managers should focus on communication, conflict handling and economic satisfaction to predict and influence perceived value. Balanced two-way, relevant, and timely communication should occur between the bank and the micro-enterprises. It is advisable to have strategies that prevent conflicts from arising, and managers should prioritise mitigating and resolving conflicts should they arise. Being the most important antecedent, more emphasis should be placed on ways to achieve economic satisfaction for the customer. Offering discounts, reasonable loan terms and interest rates and low service costs are some of the tactics that could be considered.

This research was conducted as part of the fulfilment of the [Master's degree](#) in Marketing Management in 2021 with the [Department of Marketing Management](#) by Natalie Sithole under the supervision of [Dr Michelle van der Merwe](#).