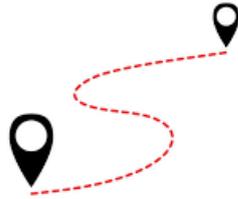


Going the distance!

Relationships between banks and small businesses



Banking executives know that cultivating long-lasting quality relationships with business customers is integral to retaining a loyal customer base because close business relationships result in increased predictability of future business success. Having said that, building and maintaining relationships with small business customers in the highly competitive banking environment has proved to be difficult, as small businesses are often left disgruntled with their banking relationships, as banks tend to prioritise and place more attention on maintaining relationships with larger businesses. This is a mistake, since small businesses can be very profitable to banks – and they often become even more profitable medium and large businesses. It is therefore imperative that banks invest more in developing and maintaining stable relationships with small business customers.

A research study was conducted by Russell Kampani, a [Master's](#) student in the [Department of Marketing Management](#) to investigate the customer loyalty of small business banking customers. The study explored the interaction between trust, economic satisfaction, coordination, cooperation, and how they ultimately result in customer loyalty.

Data was obtained from 269 small business owners, managers, and directors. Findings show that the trust and economic satisfaction play a significant role in reinforcing small businesses' cooperation and coordination with their banks. These, in turn, influence the level of customer loyalty of small businesses towards their banks. Subsequently, bank managers must first ensure that trust (be open and honest) and ensure economic benefits (low service costs) are realised early in the relationship. Once established, trust and economic satisfaction will result in greater cooperation and coordination (high compliance rates) between the banks and their small business customers. This cooperation and coordination between banks and their customers will strengthen the relationship between these parties, ultimately resulting in customers becoming loyal – and staying – with the bank.

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 Russell Kampani under the supervision of [Prof Pierre Mostert](#).