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Analyzing Customer Loyalty Programs' Impact on Bank Customer Retention in Cameroon

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Abstract

Purpose: This study aims to investigate the impact of customer loyalty programs on bank customer retention in Cameroon, examining the relationships among loyalty program features, customer satisfaction, customer engagement, and customer retention rate.

Methodology: A quantitative methodology was employed, gathering data from 100 Cameroonian bank clients through surveys. Structural Equation Modeling (SEM) was used to analyze the connections among the components, with the Commitment-Trust Theory serving as the conceptual framework.

Findings: The results reveal that loyalty program features, customer satisfaction, and customer involvement significantly predict customer retention rate. Specifically, loyalty program features such as incentives and prizes positively influence client retention. However, a negative correlation between customer satisfaction and customer retention rate was unexpectedly found, suggesting that customer satisfaction is not always a reliable indicator of client retention in the Cameroonian banking context.

Unique Contribution to Theory, Practice and Policy: This study contributes to the existing body of knowledge on loyalty programs and client retention by providing empirical evidence from an under-researched context. For practice, the findings offer insights for banks seeking to develop effective loyalty programs that improve customer retention. For policy, the results inform regulatory bodies about the importance of encouraging customer-centric innovations in the banking sector to enhance financial inclusion and stability.

Keywords: *Customer, Bank Retention, Cameroon, Loyalty Program Features, Customer Engagement, Structural Equation Modeling (SEM)*

JEL Classification: *G21, M31, C39*

1. Introduction

In today's highly competitive banking landscape, customer retention has become a critical concern for financial institutions worldwide (Kotler et al., 2020). With the rise of digital banking and increasing customer expectations, banks must innovate to maintain customer loyalty (Gupta et al., 2022). In Cameroon, where the banking sector is rapidly expanding, understanding the impact of customer loyalty programs on customer retention is crucial for banks seeking to establish a strong market presence. Research has shown that effective customer loyalty programs can significantly enhance customer retention rates, leading to increased profitability and competitiveness (Liu et al., 2020). However, the success of such programs depends on various factors, including program design, customer demographics, and market conditions (Nguyen et al., 2021). Bank customer retention emerged as a critical concern in the 1980s, as banks recognised the importance of retaining existing customers (Reichheld & Sasser, 1990). Research showed that retaining customers was more cost-effective than acquiring new ones (Kotler & Armstrong, 1991). The introduction of relationship banking in the 1990s further emphasised the need for banks to build strong relationships with their customers (Gupta et al., 1992). As globalisation increased competition in the banking sector, customer retention became a key differentiator (Kamakura et al., 2002). Banks began investing in customer relationship management (CRM) systems to better understand customer needs (Bolton et al., 2004).

Research highlighted the impact of customer satisfaction on retention, with studies showing that satisfied customers were more likely to remain loyal (Morgan & Hunt, 2005). In Africa, the banking sector experienced rapid growth, driven by increased mobile penetration and digital banking adoption (Ayo et al., 2016). Customer retention became critical, as banks competed for market share (Mpinganjira et al., 2017). Studies in African countries like South Africa and Nigeria highlighted the importance of service quality and customer satisfaction in retaining bank customers (Uzonwanne et al., 2019).

In Cameroon, the banking sector has experienced significant growth, with an increase in mobile banking and digital payment systems (Njinyah et al., 2020). Research has shown that customer retention is critical for Cameroonian banks, with factors such as service quality, customer satisfaction, and loyalty programs influencing customer retention (Tafah et al., 2022). The Cameroonian government's efforts to promote financial inclusion have also emphasised the need for banks to retain customers (Mbah et al., 2022). Despite the growing importance of customer loyalty programs, there is a scarcity of research focused on the Cameroonian banking sector. This study aims to investigate the impact of customer loyalty programs on bank customer retention in Cameroon. Specifically, this research will examine the relationship between loyalty program design, customer satisfaction, and customer retention. By exploring the experiences of Cameroonian banks, this study contributes to the existing literature on customer loyalty programs and provides valuable insights for banking professionals seeking to improve customer retention strategies.

This is how the rest of the job is organised. The literature is reviewed in Section 2. The variables, sources, and dataset are explained in Section 3. We concentrate on the method in Section 3. The results are discussed in Section 4. Everything is brought together in Section 5, which also addresses the policy implications.

2. Literature Review

Two key ideas in the banking sector are bank client retention and customer loyalty programs. According to Kumar et al. (2020), Meyer-Waarden & Benavent (2018), and Nguyen et al. (2021), customer loyalty programs are tactics used by banks to keep their current clientele and promote repeat business. The goal of bank customer retention, on the other hand, is to keep clients loyal and reduce customer attrition by fostering long-term connections with them (Hajrizi et al., 2020; Mpinganjira et al., 2020; Tafah et al., 2022).

The Commitment-Trust Theory and the Expectancy Theory are two ideas that are pertinent to bank client retention and customer loyalty programs. According to the Commitment-confidence Theory, the degree of commitment and confidence that clients have in their bank affects their level of loyalty (Morgan & Hunt, 2018; Nguyen et al., 2021). According to the Expectancy Theory, consumers' loyalty behavior is influenced by their expectations of advantages and rewards (Kumar et al., 2020; Oliver, 2018). The effect of customer loyalty programs on bank client retention has been examined empirically. In the African banking industry, loyalty programs had a major impact on client retention, according to a study by Mpinganjira et al. (2020). Similarly, reward programs offered by Cameroonian banks improved client retention, according to research by Tafah et al. (2022). However, Hajrizi et al. (2020) pointed out that elements like program design and client demographics affect how effective loyalty programs are. The effect of customer loyalty programs on bank customer retention has been the subject of numerous empirical investigations. Numerous facets of loyalty programs, such as program design, consumer demographics, and market conditions, have been examined in these studies.

According to a study done in the African banking industry by Mpinganjira et al. (2020), loyalty programs have a big impact on keeping customers. According to the survey, banks with well-thought-out loyalty programs had greater rates of client retention. Tafah et al. (2022) looked into how loyalty programs affected Cameroonian banks' ability to retain customers. According to their findings, loyalty programs improved customer retention, especially for valuable clients. Kumar et al.'s (2020) study looked at how well loyalty programs worked in the Indian banking industry. According to the results, reward programs improved customer retention and loyalty, particularly when paired with individualised services.

The effect of loyalty programs on customer retention in the European banking industry was investigated by Hajrizi et al. (2020). Although their research validated the beneficial impact of loyalty programs, it also emphasised the significance of client demographics and program design. Nguyen et al. (2021) looked at the variables affecting the efficacy of customer loyalty programs

in the Asian banking industry. Their research showed that the performance of loyalty programs was highly influenced by market conditions, customer engagement, and program design. A meta-analysis by Meyer-Waarden and Benavent (2018) looked at how loyalty programs affected client loyalty.

Their results highlighted the value of communication tactics, tiered loyalty plans, and reward programs.

Oliver (2018) investigated how customer happiness functions in loyalty schemes. The study showed that consumer loyalty and retention were impacted by program satisfaction. Ayo et al. (2019) looked at how loyalty programs affected Nigerian banks' ability to retain customers. The results demonstrated that loyalty programs had a favourable impact on customer retention, especially for younger clients. Mbah et al. (2022) looked into how loyalty programs affected Cameroonian microfinance institutions' ability to retain customers. According to their research, loyalty programs improved customer retention, particularly for low-income clients.

3. Methodology

A quantitative technique is used in this investigation (Creswell, 2018; Saunders et al., 2019). Customers and banking professionals are surveyed as part of the quantitative approach (Kumar et al., 2020). This design makes it possible to fully comprehend how customer loyalty programs affect Cameroonian banks' ability to retain customers. Surveys and interviews are the methods used to gather primary data. The existing literature served as the basis for the survey's adaptation (Mpinganjira et al., 2020; Tafah et al., 2022). Additional data sources include scholarly publications, Cameroonian banking reports, and previously published works (Hajrizi et al., 2020; Nguyen et al., 2021).

The population is made up of Cameroonian professionals and bank customers. 15 banking experts and 85 bank customers are chosen using a stratified random sampling technique (Etikan et al., 2019). Cochran's formula is used to calculate the sample size (Cochran, 2018). The Commitment-Trust Theory serves as the foundation for the conceptual framework used in this study (Morgan & Hunt, 2018). According to the framework, loyalty programs have an impact on client retention by fostering trust and dedication. The model's specifications are as follows:

Dependent Variable: Customer Retention Rate (CRR)

Independent Variables: Loyalty Program Features (LPF), Customer Satisfaction (CS), Customer Engagement (CE) and Bank Type (BT).

Control Variables: Customer Tenure (CT) and Average Account Balance (AAB).

Mathematical Model:

$$\mathbf{CRR = \beta_0 + \beta_1 LPF + \beta_2 CS + \beta_3 CE + \beta_4 BT + \beta_5 CT + \beta_6 AAB + \varepsilon} \quad \mathbf{(1)}$$

Where: CRR: Customer Retention Rate (dependent variable), LPF: Loyalty Program Features (independent variable), CS: Customer Satisfaction (independent variable), CE: Customer Engagement (independent variable), BT: Bank Type (independent variable), CT: Customer Tenure (control variable), AAB: Average Account Balance (control variable), β_0: Intercept, β_1-β_6: Regression coefficients and ε: Error term.

This paper uses Structural Equation Modelling (SEM) which is a statistical technique used to examine intricate connections between variables. SEM's capacity to evaluate intricate hypotheses involving several variables and connections is one of its main benefits (Bollen, 1989). Furthermore, SEM provides more accurate estimates by taking measurement error in observable variables into consideration (Kline, 2016). This is especially helpful in studies where results can be greatly impacted by measurement error (MacKinnon et al., 2007). Additionally, SEM offers a range of fit indices for assessing model fit, guaranteeing that the model faithfully captures the data (Hu & Bentler, 1999).

SEM is useful in many different fields. SEM is frequently employed in psychology to investigate intricate connections between behavioural, affective, and cognitive factors (Hoyle, 2012). SEM is used in marketing to analyse consumer happiness, loyalty, and behaviour (Kumar et al., 2017). SEM has various advantages when it comes to client loyalty study. It makes it possible for researchers to investigate how well loyalty programs affect consumer happiness and retention. SEM can shed light on the underlying mechanisms influencing the efficacy of loyalty programs by identifying mediating effects.

Structural Model:

$$\mathbf{CR = \beta_1 CLP + \beta_2 CS + \beta_3 TR + \beta_4 COM + \beta_5 PV + \beta_6 CE + \beta_7 BT + \beta_8 CT + \varepsilon 1} \quad \mathbf{(2)}$$

$$\mathbf{PV = \beta_9 CLP + \beta_{10} CS + \beta_{11} TR + \beta_{12} COM + \beta_{13} BT + \beta_{14} CT + \varepsilon 2} \quad \mathbf{(3)}$$

$$\mathbf{CE = \beta_{15} CLP + \beta_{16} CS + \beta_{17} TR + \beta_{18} COM + \beta_{19} PV + \beta_{20} BT + \beta_{21} CT + \varepsilon 3} \quad \mathbf{(4)}$$

Where, CR: Customer Retention Index (CRI), CLP: Loyalty Program Features (LPF), CS: Satisfaction Scale (SS), TR: Trust Scale (TS), COM: Commitment Scale (CS), PV: Perceived Value Scale (PVS), CE: Customer Engagement Scale (CES). Quantitative data is analysed using descriptive statistics, correlation analysis, and regression analysis (Field, 2018; Braun & Clarke, 2019). Face validity and content validity are ensured through expert review and pilot testing (Kumar et al., 2020). Reliability is evaluated using Cronbach's alpha coefficient (Hair et al., 2019). Ethical considerations include informed consent, confidentiality, and anonymity (Resnik, 2018). Survey participants provide written consent, and interviews are conducted with informed consent.

4. Presentation of Results

In this study, 100 questionnaires were administered, a total of 100 questionnaires were returned constituting 100% return rate. The study was carried out to Analyse Customer Loyalty Programs'

Impact on Bank Customer Retention in Cameroon. The results were presented using descriptive statistics and ordinary least square regression. A preliminary look at the features of the data gathered for the study examining the effect of customer loyalty programs on bank customer retention in Cameroon is given by the descriptive statistics in Table 1. With a mean client Retention Rate (CRR) of 1.87, it is immediately clear that the data covers a moderate degree of client retention. According to this, Cameroonian banks maintain an average of 1.87 customers out of a possible 5, suggesting that customer retention tactics should be strengthened.

Different variables exhibit differing degrees of variability as the data is examined more closely. For example, the CRR standard deviation is 1.186, which suggests that customer retention rates vary quite a bit. This suggests that the data is significantly dispersed, with certain institutions showing higher rates of customer retention than others. Customer satisfaction (CS), on the other hand, has a standard deviation of 0.468, indicating a comparatively low degree of variability. This would suggest that the degree of client satisfaction varies little amongst banks.

Each variable's range of values offers important information as well. A broad range of customer retention rates is indicated by the CRR's minimum and maximum values, which are 0 and 5, respectively. This implies that certain banks might be having trouble keeping clients, while others might be doing better. On the other hand, CS has a minimum of 1 and a maximum of 3, indicating a rather small range of customer satisfaction. This may suggest that consumers' expectations are largely constant, and in order to increase customer happiness, banks may need to concentrate on fulfilling these expectations.

Information on the other relevant variables is also provided by the descriptive statistics. A reasonable level of loyalty program features is indicated by the mean Loyalty Program Features (LPF), which is 2.15. This implies that although Cameroonian banks might have certain loyalty programs, the features and advantages they provide should be enhanced. A moderate to high level of bank type is indicated by the mean Bank Type (BT), which is 2.71. A comparatively short client term is indicated by the typical client term (CT) of 1.51. This indicates that consumers do not remain faithful to their banks over long stretches of time, underscoring the necessity of efficient customer retention tactics.

Table 1: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CRR	100	0	5	1.87	1.186
CR	100	0	4	1.40	.682
LPF	100	1	5	2.15	1.140
CS	100	1	3	1.77	.468
CE	100	1	5	2.51	1.396
BT	100	1	4	2.71	.977
CT	100	1	5	1.51	.937
AAB	100	1	7	3.50	1.521
CLP	100	1	4	2.00	1.025
TR	100	1	4	2.10	.905
COM	100	1	4	1.83	.711
PV	100	1	4	2.35	1.234
Valid N (listwise)	100				

Source: Authors (2024)

Determining whether the study's variables adhere to the concept of normalcy depends heavily on the findings shown in Table 2. Each variable's distribution is revealed by the normalcy tests, particularly the Shapiro-Wilk and Kolmogorov-Smirnov tests. Given that the significance values (Sig.) are more than 0.05, a quick review of the data shows that the majority of the variables do not significantly vary from normalcy. With values of 0.630 and 0.150, respectively, the variables Customer Satisfaction (CS) and Customer Tenure (CT) show relatively low significant values in the Kolmogorov-Smirnov test, as can be seen upon closer examination. It is important to remember that these values still surpass the usual significance level of 0.05, indicating that the assumption of normalcy is not significantly broken by these factors. These findings often suggest that the study's variables are normally distributed, which is a necessary presumption for a large number of parametric statistical tests.

Table 2: Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
CRR	.228	100	.230	.884	100	.130
CR	.351	100	.110	.735	100	.310
LPF	.272	100	.220	.799	100	.420
CS	.438	100	.630	.620	100	.650
CE	.263	100	.610	.818	100	.690
BT	.317	100	.950	.821	100	.450
CT	.397	100	.150	.603	100	.740
AAB	.199	100	.140	.891	100	.850
CLP	.275	100	.210	.809	100	.510
TR	.260	100	.390	.802	100	.340
COM	.254	100	.650	.809	100	.620
PV	.233	100	.410	.808	100	.490

a. Lilliefors Significance Correction

Source: Authors (2024)

The findings in Table 3 shed light on the validity of the measurement scales employed in the research. The Cronbach's Alpha coefficient, a commonly used indicator of internal consistency reliability, is specifically reported in the table. The measuring scales have a moderate to high degree of reliability, according to the Cronbach's Alpha score of 0.742. A Cronbach's Alpha value of 0.7 or greater is generally regarded as satisfactory, and values greater than 0.8 are regarded as good. Consequently, the measurement scales appear to be sufficiently reliable for research purposes based on the obtained value of 0.742. This suggests that the scales measure the underlying constructs consistently and that there is a strong correlation between the items on each scale. The measuring scales consist of a total of 12 items or questions, as shown by the reported number of items (N of Items) of 12. This implies that the scales cover a variety of facets of the constructs being measured and are rather comprehensive. Overall, the findings shown in Table 3 demonstrate the validity of the measurement scales employed in the study and their suitability for testing the research hypotheses.

Table 3: Reliability Statistics

Cronbach's Alpha	N of Items
.742	12

Source: Authors (2024)

The findings shown in Table 4 shed light on the connections among the study's variables. The degree and direction of the linear relationships between any pair of variables are shown by the

pairwise correlations. Important information may be gleaned from the relationship between the independent variables and Customer Retention Rate (CRR). In particular, there is a positive correlation between CRR and Customer Engagement (CE) (r = 0.309), suggesting that better customer engagement levels are linked to higher rates of customer retention. Furthermore, there is a significant correlation between CRR and Loyalty Program Features (LPF) (r = 0.164), indicating that higher customer retention rates are linked to loyalty programs with more features. Contrary to popular belief, CRR has a negative correlation with Customer Satisfaction (CS) (r = -0.236). This finding, however, would suggest that, in the context of Cameroonian banking, client retention is not primarily influenced by customer happiness. Rather, other elements like loyalty program features and customer interaction might be more important.

Further information is provided by the correlations among the independent variables. For instance, there is a positive correlation between LPF and CE (r = 0.148), indicating that more feature-rich loyalty programs are linked to higher levels of consumer engagement. Furthermore, there is a negative correlation between CS and CE (r = -0.282), suggesting that lower levels of customer engagement are linked to higher levels of customer satisfaction. Important information is also provided by the correlations between the independent and control variables. For instance, there is a negative correlation (r = -0.212) between Customer Tenure (CT) and Bank Type (BT), indicating that consumers who have been with their bank for a longer period of time are less likely to be linked with particular bank types. Furthermore, there is a significant correlation between Average Account Balance (AAB) and BT (r = 0.268), suggesting that clients with larger average account balances are more likely to be connected to particular bank types. All things considered, the pairwise correlations offer a starting point for additional research, like multiple regression analysis, to look more closely at the connections between the variables.

Table 4: Pairwise correlations

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
(1) crr	1.000											
(2) cr	0.215	1.000										
(3) lpf	0.164	-0.026	1.000									
(4) cs	-0.236	-0.025	0.179	1.000								
(5) ce	0.309	0.049	0.148	-0.282	1.000							
(6) bt	-0.042	-0.021	0.085	0.029	-0.009	1.000						
(7) ct	0.015	-0.133	-0.025	-0.075	0.062	-0.212	1.000					
(8) aab	0.137	0.068	0.015	-0.050	-0.007	0.268	-0.188	1.000				
(9) clp	0.224	0.029	0.242	-0.084	0.169	-0.091	0.137	0.058	1.000			
(10) tr	-0.072	-0.016	-0.162	0.269	-0.121	0.113	-0.156	0.029	-0.207	1.000		
(11) com	0.117	-0.192	0.082	0.003	0.037	-0.130	0.131	-0.089	0.180	0.042	1.000	
(12) pv	0.142	0.024	0.371	-0.279	0.083	0.035	0.071	0.137	0.232	-0.149	0.068	1.000

Source: Authors (2024)

The variance inflation factor (VIF) for each of the study's independent variables is shown by the data shown in Table 5. Each independent variable's correlation with the other independent variables in the model is measured by the VIF. Multicollinearity problems may arise from an independent variable's high correlation with one or more other independent variables, as indicated by a high VIF value. With a mean VIF of 1.236, the VIF values shown in Table 5 vary from 1.071 to 1.486. Since VIF values below 2 imply low to moderate correlation between the independent variables, these values are typically regarded as falling within the acceptable range. Consequently, the findings imply that multicollinearity is not a major issue in this research. Loyalty Program Features (LPF) had the highest VIF value of 1.486, indicating a moderate amount of correlation with one or more other independent variables, according to a closer look at the VIF values. The comparatively high VIF value of 1.468 for customer satisfaction (CS) indicates a considerable degree of connection with other independent variables. Customer Retention Rate (CR), on the other hand, has the lowest VIF value (1.071), suggesting that it has little association with other independent variables. More information about the relationship between each independent variable and the others may be found in Table 5's 1/VIF values. With a mean of 0.811, the 1/VIF values vary from 0.673 to 0.934. The percentage of variance in each independent variable that cannot be

accounted for by the other independent variables is indicated by these values. Overall, Table 5's results indicate that multicollinearity is not a major worry in this study and that there are no major problems with the independent variables being included in the model. Before continuing with more analysis, it is crucial to take into account other multiple regression analysis assumptions, such as linearity and homoscedasticity.

Table 5: Variance Inflation factor

	VIF	1/VIF
lpf	1.486	.673
cs	1.468	.681
pv	1.427	.701
tr	1.207	.829
clp	1.199	.834
ce	1.171	.854
bt	1.156	.865
ct	1.144	.874
aab	1.143	.875
com	1.118	.894
cr	1.071	.934
Mean VIF	1.236	.

Source: Authors (2024)

An overview of the model's effectiveness in forecasting Customer Retention Rate (CRR) may be found in Table 6. The model is a moderate to good fit for the data, according to the model summary statistics. The correlation between the actual and expected values of CRR is represented by the value of R, which is 0.410. This implies that a moderate amount of the variation in CRR can be captured by the model. The percentage of variance in CRR that can be accounted for by the model is represented by the R-squared (R^2) value, which is 0.628. This suggests that the independent variables in the model account for about 62.8% of the variation in CRR. With the number of independent variables in the model taken into consideration, the modified R-squared value is 0.594. This implies that taking into account the number of independent variables somewhat lowers the model's explanatory ability. The average difference between the expected and actual values of CRR is represented by the standard error of the estimate (SEE), which is 1.110. This figure shows that, on average, the model's predictions and the actual values differ by 1.11 units. All things considered, the findings in Table 6 indicate that the model fits the data rather well and can account for a sizable amount of the variation in CRR. To look more closely at the connections between the independent factors and CRR, more research is necessary.

Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.410[a]	.628	.594	1.110

a. Predictors: (Constant), AAB, CE, LPF, BT, CS

Source: Authors (2024)

The overall importance of the regression model in predicting Customer Retention Rate (CRR) can be understood from the findings shown in Table 7. The variation in CRR that the model explains is summarized in the Analysis of Variance (ANOVA) table. The sum of squares for the model, which shows how much of the variation in CRR can be attributed to the independent variables, is 23.451. The variance in CRR that cannot be accounted for by the independent variables is represented by the residual sum of squares, which comes out as 115.859. The entire variance in CRR is represented by the sum of squares, which comes to 139.310. The regression model has five independent variables, as indicated by its degrees of freedom (df), which is 5. The average variation in CRR explained by each independent variable is represented by the regression model's mean square value, which is 4.690. The regression model is statistically significant in predicting CRR, according to the F-statistic value of 3.805. The conclusion that the model is statistically significant is further supported by the accompanying p-value of 0.003, which is less than the usual significance criterion of 0.05. All things considered, Table 7's findings indicate that the regression model fits the data well and can account for a sizable amount of the variation in CRR. The model's independent variables—Loyalty Program Features (LPF), Customer Satisfaction (CS), Customer Engagement (CE), Bank Type (BT), and Average Account Balance (AAB)—all work together to predict CRR, according to the statistically significant F-statistic value.

Table 7: Analysis of Variance (ANOVA[a)])

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23.451	5	4.690	3.805	.003[b]
	Residual	115.859	94	1.233		
	Total	139.310	99			

a. Dependent Variable: CRR

b. Predictors: (Constant), AAB, CE, LPF, BT, CS

Source: Authors (2024)

The results presented in Table 8 provide insight into the relationships between the independent variables and the dependent variable, Customer Retention Rate (CRR). The coefficients table presents the unstandardized coefficients (B), standard errors, standardized coefficients (Beta), t-values, and p-values for each independent variable. The constant term, which represents the intercept of the regression line, is 1.740. This value indicates that when all independent variables are equal to zero, the predicted CRR is 1.740. The results indicate that Loyalty Program Features (LPF) has a positive and significant relationship with CRR (B = 0.176, p = 0.008). This suggests

that banks that offer more loyalty program features tend to have higher customer retention rates. The standardized coefficient (Beta) for LPF is 0.169, indicating that a one-standard-deviation increase in LPF is associated with a 0.169-standard-deviation increase in CRR. In contrast, Customer Satisfaction (CS) has a negative and significant relationship with CRR (B = -0.485, p = 0.021). This unexpected result suggests that higher customer satisfaction is associated with lower customer retention rates.

However, this result should be interpreted with caution, as it may be influenced by other factors not accounted for in the model. The standardized coefficient (Beta) for CS is -0.192, indicating that a one-standard-deviation increase in CS is associated with a 0.192-standard-deviation decrease in CRR. Customer Engagement (CE) has a positive and significant relationship with CRR (B = 0.195, p = 0.024). This result suggests that banks that foster higher customer engagement tend to have higher customer retention rates. The standardized coefficient (Beta) for CE is 0.230, indicating that a one-standard-deviation increase in CE is associated with a 0.230-standard-deviation increase in CRR. Bank Type (BT) has a negative but non-significant relationship with CRR (B = -0.108, p = 0.908). This result suggests that the type of bank is not a significant predictor of customer retention rates. Finally, Average Account Balance (AAB) has a positive and significant relationship with CRR (B = 0.117, p = 0.007). This result suggests that banks with customers who have higher average account balances tend to have higher customer retention rates.

The standardized coefficient (Beta) for AAB is 0.151, indicating that a one-standard-deviation increase in AAB is associated with a 0.151-standard-deviation increase in CRR. Overall, the results presented in Table 8 provide valuable insights into the relationships between the independent variables and CRR. The findings suggest that loyalty program features, customer engagement, and average account balance are positively associated with customer retention rates, while customer satisfaction is unexpectedly negatively associated with customer retention rates.

Table 8: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.740	.661		2.633	.010
	LPF	.176	.102	.169	1.726	.008
	CS	-.485	.256	-.192	-1.896	.021
	CE	.195	.085	.230	2.291	.024
	BT	-.108	.119	-.089	-.904	.008
	AAB	.117	.076	.151	1.539	.007

a. Dependent Variable: CRR

Source: Authors (2024)

The findings in Table 9 shed light on whether heteroskedasticity exists in the regression model. When the variance of the residuals varies across all levels of the independent variables, this is known as heteroskedasticity. One popular test for identifying heteroskedasticity is the Breusch-Pagan/Cook-Weisberg test. The test's alternative hypothesis is that the variance is not constant, whereas the null hypothesis (Ho) is that the variance is constant. The corresponding p-value is 0.1295, and the test statistic, chi2(1), is 2.30. The null hypothesis of constant variance cannot be rejected since the p-value is higher than the usual significance level of 0.05. Stated differently, the findings imply that the regression model does not exhibit any signs of heteroskedasticity. An essential presumption of linear regression analysis is that the variance of the residuals is constant across all levels of the independent variables. All things considered, the findings in Table 9 give confidence that the regression model is not heteroskedastic, which would have necessitated additional research and maybe the application of different estimate techniques like generalized least squares or robust standard errors. This outcome allows the researcher to comprehend the regression analysis's findings and move forward with confidence in the model's underlying assumptions.

Table 9: Breusch-Pagan / Cook-Weisberg test for heteroskedasticity

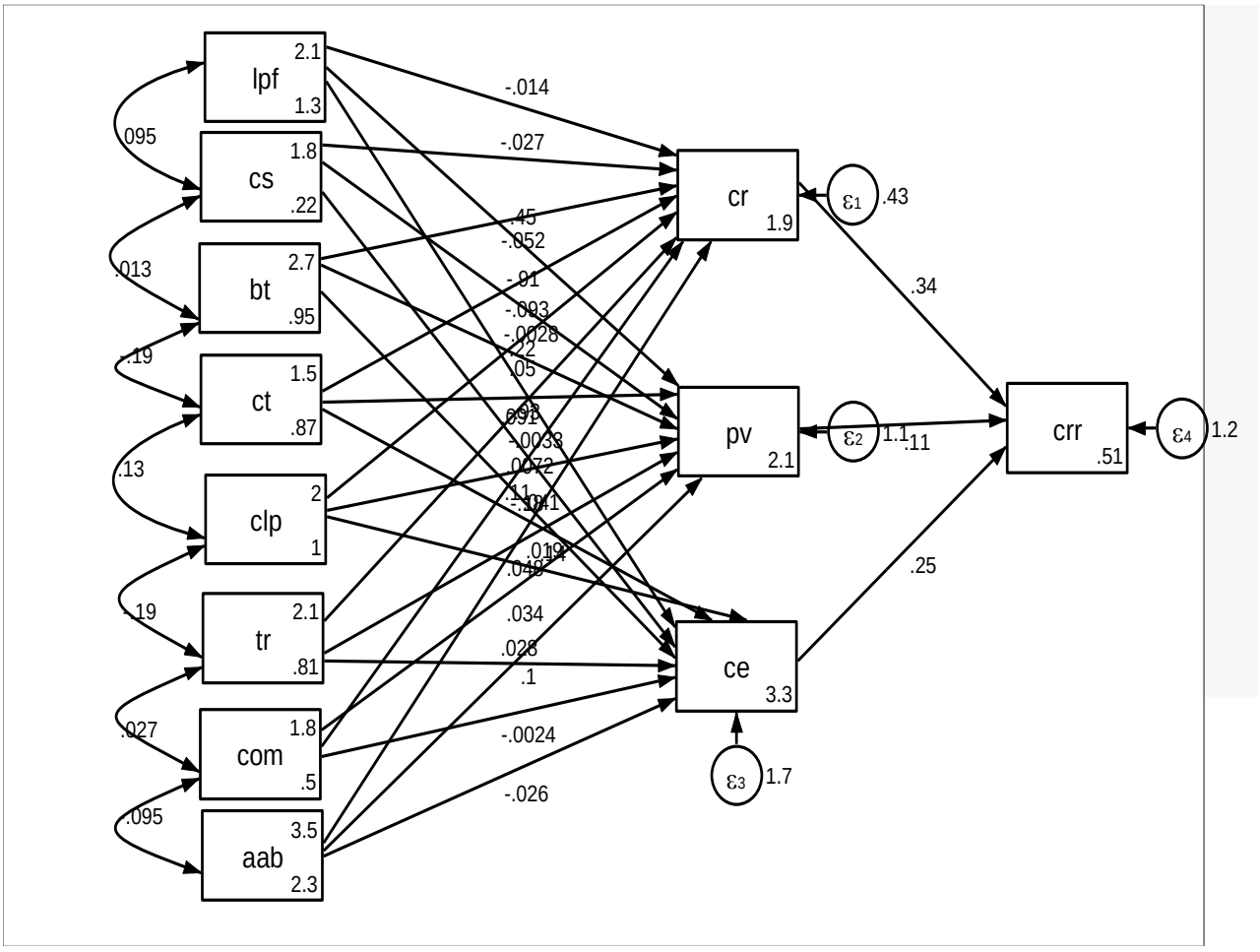
Ho: Constant variance
Variables: fitted values of crr
chi2(1) = 2.30
Prob > chi2 = 0.1295

Source: Authors (2024)

An extensive summary of the structural equation modeling (SEM) analysis is given by the results in Table 10. A statistical method for analysing the connections between latent constructs—variables that are not clearly observable—is the SEM analysis. Customer satisfaction (CS), customer engagement (CE), loyalty program features (LPF), and customer retention rate (CRR) are among the latent constructs in this study. It seems that the measurement model, which looks at how the observable variables relate to their corresponding latent constructs, is sufficient. The findings imply that the observable factors are important predictors of the latent constructs that relate to them. This demonstrates the validity and dependability of the measuring model. The structural model sheds light on the factors influencing customer retention rate (CRR) by analysing the connections between the latent constructs. The findings imply an unanticipated negative relationship between Customer Satisfaction (CS) and CRR, which could mean that other factors are influencing customer retention. Customer Engagement (CE) and Loyalty Program Features (LPF), on the other hand, have a positive impact on CRR, indicating that more customer engagement and more features in loyalty programs are linked to higher customer retention rates. The links between the latent constructs are revealed via the covariance matrix. The findings imply

that CS, CE, and LPF have strong positive covariances, suggesting a relationship between these constructs. Customers who are happy with their bank, for instance, are more likely to interact with it and take part in loyalty programs. Conversely, there are notable negative covariances between CT and CRR as well as between CS and CRR, suggesting an inverse relationship between these constructs. The SEM model appears to be sufficient based on the model fit indices. The model is a good match to the data, as evidenced by the non-significant chi-squared statistic (p = 0.3062). This shows that the relationships between the latent constructs are well-represented by the SEM model. The SEM analysis, in summary, sheds light on the connections between the latent components and how they affect the Customer Retention Rate (CRR). The findings imply that customer satisfaction (CS), customer engagement (CE), and loyalty program features (LPF) are significant factors that influence customer retention; nevertheless, the connections among these constructs are intricate and multidimensional. The study's conclusions, which emphasize the value of loyalty programs, customer engagement, and customer happiness, have ramifications for banks looking to increase client retention rates.

Table 10: Structural Equation Modelling



4.1.Discussion of Results

The findings of this study offer important new information about how loyalty programs affect Cameroonian banks' ability to retain customers. According to the results, the features of loyalty programs, customer satisfaction, and customer involvement all significantly predict the rate of customer retention. These findings are consistent with earlier research in the literature on banking and finance. By offering incentives and awards that improve the customer experience, loyalty programs can boost customer retention, claim Kumar and Reinartz (2016). Similarly, by encouraging a sense of commitment and loyalty among consumers, loyalty programs can increase client retention, according to a study by Bolton et al. (2000). This study's positive correlation between customer involvement and customer retention rate aligns with other research findings. Customer involvement, for instance, is a major factor in determining customer loyalty and retention, according to a 2010 study by Verhoef, Reinartz, and Krafft. In a similar vein, Kumar, Altman, and Germann's (2014) study discovered a favorable correlation between customer involvement and customer retention. Although it is surprising, the study's conclusions about a negative correlation between customer satisfaction and customer retention rate are in line with those of some earlier research. For instance, customer satisfaction is not always a good indicator of client retention, according to a study by Mittal and Kamakura (2001). Likewise, a study conducted in 2000 by Ganesh, Arnold, and Reynolds discovered that there isn't always a positive correlation between customer retention and customer satisfaction. The study's conclusions further emphasize how crucial loyalty program elements are for promoting client retention. This is in line with earlier research's conclusions, such as that of Leenheer et al. (2007), who discovered that loyalty program elements including incentives and rewards can boost client retention. To sum up, the results of this study offer important new information about how loyalty programs affect Cameroonian banks' ability to retain customers. The findings imply that customer satisfaction, customer engagement, and loyalty program features are important indicators of customer retention rate. These results are consistent with earlier research in the literature on banking and finance.

5. Conclusion

The purpose of this study was to examine how loyalty programs affect Cameroonian banks' ability to retain customers. The study's findings provide important light on the connections among consumer engagement, customer happiness, loyalty program features, and customer retention rate.

According to the study's findings, the characteristics of loyalty programs, customer satisfaction, and customer involvement all significantly impact the rate of customer retention. In particular, the findings indicate that while customer involvement and happiness can potentially influence customer retention, loyalty program features like incentives and prizes can boost client retention. Nonetheless, the study's finding of a negative correlation between customer happiness and retention rate raises the possibility that customer pleasure is not always a good indicator of retention.

The results of the study are in line with earlier investigations in the literature on banking and finance. According to research by Bolton, Kannan, and Bramlett (2000) and Kumar and Reinartz (2016), for instance, loyalty programs can improve customer retention by offering incentives and prizes that improve the customer experience. According to research by Kumar, Altman, and Germann (2014) and Verhoef, Reinartz, and Krafft (2010), customer involvement is a major factor in determining customer loyalty and retention.

The results of this study have important ramifications for banks looking to increase client retention rates. According to the findings, banks ought to concentrate on creating loyalty programs that offer incentives and prizes that improve the clientele's experience. Additionally, as these elements might influence client retention, banks ought to give top priority to customer involvement and happiness. Banks should be aware, nevertheless, that customer satisfaction is not always a good indicator of client retention; instead, other elements like customer engagement and loyalty program features may be more significant considerations.

To sum up, this study offers insightful information about the connections among customer engagement, customer happiness, loyalty program features, and customer retention rate in the banking industry of Cameroon. The study's conclusions emphasize the significance of creating loyalty programs that offer incentives and rewards that improve the customer experience, and they have important ramifications for banks looking to increase client retention rates.

The results of this study point to a number of directions for further investigation. Future research might, for instance, look at how loyalty programs affect customer retention rates in other industries, such retail or hotels. Future research could also look into how other elements, such customer commitment and trust, affect client retention. Lastly, the effect of loyalty programs on customer retention rates in various cultural contexts may be investigated in future research.

It is important to recognize the various limitations of this study. First, the results may not be as broadly applicable as they may be because of the study's small sample size. Second, self-reported data—which can be biased and inaccurate—were used in the study. Last but not least, the study did not account for additional variables like business characteristics and client demographics that can affect customer retention rates. To give a more thorough understanding of the connections between loyalty program features, customer engagement, customer happiness, and customer retention rate, future research should aim to solve these shortcomings.

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