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Loyalty actions in creating value for an individual bank customer

Summary of doctoral dissertation

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Currently, in the banking sector in Poland, there is strong market competition, with a significant presence of Western banks (with strong capital) and new financial institutions (investment funds, stock exchanges, pension funds) entering the Polish market. This situation strengthens the position of the consumer in the banking services market and has become a direct cause for banks to change their marketing strategies. It has been recognized that not only acquiring new customers but also retaining loyal customers can bring success in the market. Customer decisions are the basis for the bank's development and changes in the banking services market make customer loyalty a valuable asset that needs to be continuously enriched. Competition in the banking market makes it increasingly difficult for banks to attract new customers and retain previously acquired ones. Therefore, they arrange different loyalty actions targeting different customer segments and varying depending on the offered banking product, which stimulates the consolidation and expansion of cooperation with existing customers, even though the effects of actions aimed at creating lasting bonds and loyal attitudes will only be visible in the longer term. It is therefore in the interest of every bank to counteract customer attrition.

Customer loyalty, which has become an important goal of bank's strategic activities, refers to the degree to which a consumer consistently maintains a positive attitude towards a specific product, company, place of purchase, and shows a willingness to purchase the product despite the existence of economic factors favoring the use of a competitive offer. Customer loyalty towards a bank is considered as the inclination to systematically and frequently use the services of a specific bank over a long period. In the process of building loyalty, it is essential for the customer to believe that the bank knows, understands, and recognizes the needs of the customers. Customer loyalty towards a bank can be considered in different dimensions, such as banking services, distribution methods, and brand loyalty. Loyalty to banking services is expressed by long-term usage. In the case of loyalty to the distribution method, there is a close relationship between customer preferences and the characteristics of the place and time of service provision or the distribution channel used (traditional banking, online banking). Loyalty to the brand, on the other hand, means the willingness to use various services offered by the same bank, regardless of its location.

Bank's marketing activities aimed at building and strengthening customer loyalty create value for the customer and can stand out in the following ways:

1. Use of pricing instruments (discounts, rebates, special price conditions, free services for loyal customers, etc.).

2. Providing customers with additional values in exchange for loyalty, most often economic values (loyalty programs based on point systems, lotteries, discount cards, gifts, actions related to companies from other industries).
3. Individual approach to the customer and understanding their personal and financial needs (e.g., private and personal banking).

In these actions, in order to achieve customer satisfaction, the value offered by the bank must meet customer requirements better than any competitive bank's offer. Understanding and studying the role of customer loyalty-building strategies in shaping customer value in the forms of value proposition, value co-creation, and value-in-use seems to be very important and relevant. This issue is complex and requires extensive analysis of theoretical sources and periodic empirical research, due to the high dynamics and variability of the banking marketing environment, which determines the scope and depth of the **research gap**. The rapid development of electronic channels for the distribution of banking services has increased the mobile and widespread availability of offers and information from banks, not only to customers but to the entire society. This justifies the need to verify and reassess the importance of customer loyalty-building instruments for banks, taking into account the existing scientific achievements in the field of banking marketing.

It should be noted that there is still no consensus in the literature regarding a clear understanding of customer loyalty. The process of customer loyalty formation is not fully understood. Therefore, there is a need to conduct research on customer reactions to loyalty actions in the market. The existing scientific research on customer loyalty rarely includes the category of value offered to customers, using the example of banking activities. Publications on customer loyalty focus more on analyzing satisfaction and customer loyalty as a source of competitive advantage for banks or companies.

In this doctoral dissertation, an attempt was made to determine how modern bank customers react to loyalty programs and other loyalty actions directed at them, as well as which factors in these actions have strong persuasive significance due to the offer of special value for the customer and cause changes in purchasing behaviours and loyalty attitudes towards the bank.

The dissertation analyzes the loyalty actions of banks, which are a factor in building customer value in the forms of value proposition, value co-creation, and value-in-use.

**The main aim** is to understand and explain the processes of customer reactions to loyalty actions as the basis for developing a model of customer value creation in the process of building loyalty relationships with the bank.

**The cognitive aim** is to fill the cognitive gap in identifying the characteristics and factors of loyalty programs and other bank actions that create value for the customer in the forms of value proposition, value co-creation and value-in-use, considering their impact on individual customer loyalty attitudes.

**The applied aim** is to develop recommendations for banks in the form of models for creating value for individual bank customers in the process of building loyalty attitudes, taking into account the diverse characteristics of bank customer segments.

**To achieve the main aim, the following detailed research questions were answered:**

1. What loyalty-building actions do banks undertake?
2. What are the characteristics of loyalty programs and other loyalty instruments used in the banking services market from the perspective of benefits and value for the customer?
3. What are the differences in loyalty actions taken by banks, applied persuasive instruments, and how can loyalty programs be classified based on their characteristics (instruments) in the context of building customer value?
4. What are the attitudes and behaviours of bank customers towards loyalty actions?
5. What are the differences in customer responses to loyalty programs and other bank actions (persuasive instruments)? What are the criteria for evaluating the attractiveness of loyalty programs from the customer's perspective?
6. What value and utility characteristics do bank customers expect from loyalty programs and other bank actions? To what extent do banks meet these expectations?
7. How does the hierarchy of persuasion instruments in bank loyalty programs shape the strength of their impact on customer value and purchasing behaviours?
8. Can the identified and verified factors and processes of building customer loyalty towards banks serve as a basis for constructing a model of customer value creation in the process of building loyalty relationships with the bank? To what extent is the model of customer value creation in the process of building loyalty diverse depending on the characteristics of customers that form the basis for segmenting the bank's target market?

**The research subject** of this dissertation is loyalty programs, promotional programs, and other tools used in the banking services market to build relationships between banks and customers, create value for customers, and influence customers' purchasing behaviours and loyalty towards the bank. The decision to focus on loyalty programs as the subject of research was motivated by the observed "flood" of loyalty programs and other loyalty-building tools offered by banks in Poland, which, on the one hand, indicates the increasing importance of building customer loyalty in banks' marketing strategies, and on the other hand, loyalty tools

become an important factor in strengthening the competitive advantage of banks. They are also the main customer loyalty management tools aimed at encouraging consumers to systematically purchase a company's products and perceiving it as a caring partner. Through various loyalty-building activities, a bank can reassure its customers that they are making the right choice and convince those who use products and services from different banks to fully trust one bank.

A well-designed program can attract new customers, increase sales within the consumer club, prevent customer attrition by exceeding their expectations, outpace competitors' actions, and provide an opportunity to test new products and services. In the area of activities aimed at building lasting relationships, a bank can use many different instruments aimed at the general market or only selected recipients of the loyalty program.

A well-constructed loyalty program is of value to the customer, which can be described as the difference between the benefits the customer receives and the financial and non-financial costs associated with accessing them. This value is understood as a unique combination of benefits obtained by target customers, including quality, price, convenience, timely delivery, and pre- and post-sales services.

**In the structure of the research subjects** adopted in this study, it is necessary to indicate the banks operating in the Polish market that arrange and implement loyalty strategies, as well as bank customers as recipients of the loyalty actions of banks. The previously mentioned aim of the study and research questions, along with specifying the subject and research subjects, define the research field of this work and indicate the **exploratory and cognitive** nature of the research, which determines the method of inference and the application of research methods and techniques, such as:

1. **The method of critical analysis** of subject literature and documentation to identify the phenomenon of customer loyalty in services, classify factors influencing customer loyalty, and determine the place of loyalty programs in the strategies of service enterprises and their construction principles. The analysis of Polish and foreign literature sources on consumer loyalty in the market helped determine the importance of customer loyalty for banks and identify loyalty programs as a tool for creating customer value and shaping purchasing decisions. Other secondary sources were also used, such as industry magazines, bank websites, and research reports.
2. **Qualitative methods** were used to gather data for identifying the characteristics of loyalty programs and other loyalty actions of banks in the Polish market. The aim was to present the features of loyalty programs of different banks and make a comparative evaluation. The

data sources consisted of information gathered from bank websites (bank offers, loyalty program regulations).

3. **Quantitative methods** were used to collect data on customers' knowledge and acceptance of loyalty program characteristics and analyze them. In this study, a survey directly targeting individual bank customers was used. The research was conducted through direct survey using a self-developed questionnaire. The choice of this research method was determined by its effectiveness in reaching members of a specific population (customer segment). The survey provided data on the entire decision-making process of bank customers, particularly their attitudes, tastes, preferences, aspirations, perception processes, learning about offers, reactions to market novelties and price changes, evaluations of the utility value of services, assessments of financial situations, expectations, intentions, and purchasing behaviours. Individual interviews were conducted using the Computer-Assisted Web Interview (CAWI) technique, which is a computer-assisted interview conducted via the Internet. The research sample consisted of randomly selected customers of selected banks who were active in undertaking loyalty actions for individual customers. The conducted study had a nationwide character, and the research sample included a total of 544 individual bank customers. Statistical methods were used in the analysis of the collected empirical data. The collected data were processed using descriptive statistics presenting response distributions (quantitative and percentage), arithmetic mean, cross-tabulation tables (comparing different variables), as well as extended statistics identifying the strengths of the relationship between variables, such as Pearson correlations ( $r$ ), and factor analysis.

Application in achieving the goal of the doctoral thesis, both in the literature review and empirical research, as well as qualitative and quantitative research in data collection and analysis, provided a broader perspective on solving the research problem, increasing the accuracy of inference and addressing the problem stated in the objective of the thesis.

This thesis consists of six chapters, preceded by an **introduction** and concluded with a summary. The entire work is complemented by lists of used literature and other sources, as well as a tabular annex containing a survey questionnaire, and lists of tables and figures included in the work.

**Chapter One** has a theoretical (literature-based) nature and is an introduction to the issue of customer loyalty. This part attempts to provide a synthetic review and critical analysis of Polish and foreign literature. The chapter presents the applied definitions of loyalty and the

factors influencing it. Furthermore, it describes the significance of customer loyalty for a business and characterizes the loyalty-building process.

**Chapter Two**, based on the literature on the subject, discusses the essence, structure, and attributes of customer value. This chapter examines the process of value creation for the customer, with a particular focus on tailoring value propositions to individual banking customers. The main areas and instruments for building customer value in the banking services market are also presented.

**Chapter Three** sheds light on the key issues concerning loyalty programs offered by banks, based on the literature on the subject. It also highlights the importance of loyalty programs in creating customer value for banks. The chapter characterizes the process and principles of building loyalty programs and presents the benefits and main threats arising from the introduction of a loyalty program into a bank's offering, as well as the criteria for evaluating loyalty programs by customers.

**Chapter Four** has a theoretical and research nature, dedicated to reviewing the activities of retail banks in shaping customer loyalty. The data used as analytical material were sourced from bank websites and literature. This chapter presents the characteristics and classifications of loyalty activities undertaken by banks, as well as the objectives and target groups of these activities. The final part of the chapter presents the procedure for examining the impact of loyalty activities on the creation of customer value.

**Chapter Five** is a research chapter that presents the results of the author's own survey research aimed at evaluating customer acceptance of loyalty programs offered by banks. The initial part of this chapter presents the survey research procedure, including sample selection and analysis of respondent characteristics. The research process and the scope and preferences of customers regarding the use of banking services are discussed. Subsequently, the familiarity and degree of participation in loyalty programs offered by banks by customers are analyzed. In the final part of the chapter, the strength of the impact of loyalty instruments on customer decisions is identified.

**Chapter Six** of the thesis is conceptual and outcome-oriented, synthesizing the research results presented throughout the entire work. It includes an analysis of the value of loyalty activities for bank customers. The criteria for evaluating the attractiveness of loyalty activities for customers are described, followed by the presentation of models of customer behaviour influenced by loyalty activities and the co-creation of customer value through loyalty. The last part of the chapter describes models for creating customer value in a bank using loyalty activities.

**In the conclusion** of the thesis, the most important findings are highlighted, which simultaneously provide answers to the research questions, and recommendations for banks regarding the development of loyalty relationships with customers are proposed based on the conducted research.

The gathered research material provided a solid foundation for creating a custom questionnaire, conducting research, and subsequently analyzing the data, drawing conclusions, and addressing the problem outlined in the research objective.

To achieve the main goal of the study, the author addressed the following research questions, which also served as the key findings of the doctoral thesis:

**1. What actions do banks undertake to build customer loyalty?**

In their efforts to build customer loyalty, banks undertake various actions aimed at retaining existing customers and attracting new ones. These actions encompass pricing strategies, providing added value to customers, and understanding their individual needs. Banks seek to attract and retain customers by offering special pricing conditions, discounts, rebates, and free services. They introduce preferential interest rates for their loyal customers, allow free usage of selected banking services, or provide benefits for customers with a certain level of assets. These actions aim not only to reward loyal customers but also to encourage them to continue using the bank's services. Through flexible pricing instruments, banks strive to build an emotional bond with customers and provide them with additional value.

Banks implement loyalty programs based on various point systems, lotteries, discount cards or offer additional benefits. These programs allow customers to accumulate points for using banking services, which can be redeemed for rewards. Banks often establish partnerships with other companies, enabling customers to access additional discounts or promotions. Loyalty initiatives by banks also involve a personalized approach to customers. Banks seek to understand their customers' individual financial needs and provide them with relevant value. This may include personalized services such as private banking, which offers individual financial advice, tailored investment products, preferential loan terms, or access to exclusive services.

Banks also engage in social activities by supporting charitable organizations and educational programs. Such initiatives allow banks to build an emotional connection with customers and demonstrate their commitment to the community.

Additionally, banks leverage technology, such as mobile applications, to increase customer engagement and loyalty. These applications enable easy access to banking services on mobile devices, making banking convenient and available anytime, anywhere.



All of these actions aim to build strong customer relationships, increase their engagement, and foster long-term loyalty. By offering benefits, personalization, and social involvement, banks strive to create value for customers and provide them with positive experiences associated with using banking services.

## **2. What are the characteristics of loyalty programs and other instruments used in the banking services market from the perspective of benefits and value for customers?**

Loyalty programs and other instruments used in the banking services market have various characteristics that bring benefits and value to customers. The most important ones include:

- a) Ease of use. Loyalty programs are designed to be user-friendly and accessible to customers. They can be available through various channels such as websites, mobile apps, or bank branches, allowing customers to conveniently manage their rewards.
- b) Transparency. Transparency is an important aspect of loyalty programs. Customers expect no hidden fees or rules that would hinder their use of the offer. Programs should be clear and transparent, providing customers with full information about the terms and conditions associated with participating in the program.
- c) Flexibility and attractiveness of rewards. Loyalty programs offer diverse rewards and benefits that are attractive to customers. Flexibility means that customers have the ability to choose rewards that best suit their individual preferences and needs. Offering a variety of rewards increases the value of the program for customers.
- d) Personalization. Loyalty programs strive to tailor offers to the individual needs of customers. Personalization allows customers to access services and products that are better suited to their preferences and needs. Offering personalized offers increases the value of the loyalty program for customers.
- e) Long-term nature. Loyalty programs usually do not have a defined end date. They are long-term initiatives aimed at building and strengthening relationships with customers over time.

Loyalty programs and other instruments used in the banking services market are aimed at enriching customer relationships with the bank through rewards, promotions, and additional benefits. They enable customers to expand their knowledge about offered services and benefits, contributing to increased value and engagement in the bank relationship. Loyalty programs also provide added value to the customer, thereby building lasting relationships with the bank. It is worth noting that the characteristics of loyalty programs and other instruments used in the banking services market perceived by customers as beneficial and valuable may vary depending on the specific program and the bank's offering. A specific characteristic of a loyalty program

or other instrument may also have different meanings for different customers. However, these characteristics are important in terms of benefits and value for customers as they influence customers' motivation to use the bank's products and services and their loyalty to the bank. The more beneficial the characteristics of a loyalty program are, the greater the chances that customers will stay longer and use the bank's offering more frequently.

**3. What are the differences in loyalty initiatives among banks, the persuasive instruments used, and how can loyalty programs be classified considering their characteristics (instruments) in the context of customer value creation?**

Classification of loyalty programs, considering their characteristics (instruments), can be done in various ways. One approach is to divide loyalty programs into those based on financial benefits and those based on emotional benefits.

a) Financial-based programs - These loyalty programs focus on offering customers financial benefits such as discounts, rebates, cash rewards, etc. The aim of these programs is to increase the frequency and value of transactions made by customers. Financial benefits help customers save money and increase the value of their purchases or transactions, which in turn encourages them to use banking services or other products offered by the bank.

b) Loyalty programs based on emotional benefits and customer relationships focus on offering emotional benefits, special treatment, and a sense of belonging. This makes customers feel greater value and engagement from the bank, which positively affects brand perception. These programs also offer exclusive offers and benefits unavailable to other customers, making customers feel special and appreciated, thus increasing their engagement. The goal of these programs is to build lasting customer relationships, leading them to use banking services more frequently and recommend them to others.

Banks effectively combine financial and social benefits, as they aim to ensure that the benefits of participating in their programs have both rational and emotional foundations.

Within each of these categories, there are many diverse persuasive instruments that banks can employ as part of their loyalty initiatives. One such instrument is point-based programs, where customers earn points for transactions or using specific banking services. Another option is discount programs, offering customers special discounts or promotions on banking products or services. Banks may also offer reward programs, where customers are rewarded for their loyalty through gifts or other benefits. Some banks introduce payment cards as part of their loyalty programs, providing special advantages or rewards for using those cards. Additionally, banks can employ various tactics such as understanding individual financial needs of customers and adopting a personalized approach. They can engage customers through

promotions, advertisements, direct communication, customer meetings, and referral programs. This way, banks increase customer engagement and encourage them to use a variety of banking services.

Understanding different tools and tactics is crucial for the success of loyalty program implementation by banks. However, the diversity and flexibility of these solutions can pose challenges. It is important for banks to understand the significant differences and specific nature of each instrument to tailor loyalty programs to the needs of their customers and achieve success in their implementation. Differences in the application of loyalty instruments depend on several factors. Firstly, they depend on the strategy and goals of a given bank. Banks may have different approaches to building customer relationships and focus on different aspects of loyalty, such as transaction value, emotional engagement, or relationship-building. This influences the choice of appropriate loyalty instruments. Additionally, loyalty instruments can be tailored to specific customer groups. Banks may offer different loyalty programs for different customer segments, taking into account their needs and preferences. Customer preferences should also be taken into account. Banks can customize their loyalty instruments to customer preferences by personalizing offers and benefits.

In summary, differences in loyalty initiatives among banks and the persuasive instruments used stem from the diverse goals that banks aim to achieve, as well as the target audience of loyalty initiatives. Each bank strives to differentiate itself from the competition by offering unique loyalty programs and other marketing activities. Ultimately, the selection of an appropriate loyalty program should be based on knowledge of customer preferences and needs, as well as the bank's business strategy.

#### **4. What are the attitudes and behaviours of bank customers towards loyalty actions directed at them?**

The study revealed significant aspects that influence customers' behaviours and attitudes towards the bank as well as loyalty-related issues. The impact of loyalty actions on customers can be analyzed on different levels, including the level of customer loyalty, which encompasses both purchasing behaviours and internal attitudes of the customer.

In building customer loyalty, an important factor is the bank's offering, which includes both standard and loyalty actions. The key question was whether customers would consider switching banks in case of a better competitive offer, which allowed assessing the effectiveness of the bank's actions in retaining customers. According to the study results, approximately 29.6% of surveyed customers are open to changing banks if they receive a better offer. This means that their loyalty to the current bank is lower, and the actions taken by the bank are not

sufficient to retain their loyalty. On the other hand, 27.9% of customers would not change banks even after receiving a better proposal, indicating a higher loyalty towards the current bank. Customers' response to a better competitive offer can serve as an indicator of the effectiveness of loyalty actions undertaken by the bank. The research results clearly confirm that the actions taken by the bank are not sufficient to retain customers. This is a signal that the bank needs to take additional actions and improve its loyalty strategies to attract and retain customers. It is recommended for banks to develop more attractive offers and services that align with customers' expectations and needs and effectively compete with other banks. Introducing improvements in communication, streamlining banking procedures and service accessibility, and focusing on enhancing transaction security and customer data protection can contribute to increased customer loyalty and strengthen their bond with the bank.

Loyalty actions influence the level of customer engagement and attachment to the bank, which represents another dimension of analysis. The study showed that only a small percentage of respondents exhibited strong emotional ties to the bank. Those who had a strong bond particularly valued long-term and hassle-free cooperation. Additionally, family connections can also influence the bond with the bank. Therefore, there are other factors not directly related to loyalty actions that affect the establishment of a bond with the bank.

The conclusion from the analysis is that loyalty actions have limited impact on customers' attitudes and behaviours. Focusing solely on loyalty programs may prove insufficient in building long-term relationships with customers. The study also suggests that the current loyalty actions of banks may be insufficiently attractive to customers. In order to deliver value to customers, banks should be more innovative and creative in designing loyalty programs that capture customers' attention and encourage long-term loyalty. It is important for banks to know their customers on a deeper level, enabling the creation of personalized and engaging experiences. This value surpasses standard loyalty programs and is based on mutual understanding and trust, leading to the establishment of lasting customer relationships. Therefore, it is recommended for banks to invest in the development of innovative solutions that provide customers with valuable and unique experiences and incentivize long-term loyalty. The sense of emotional connection with the bank is a strong motivator for customers and influences loyalty attitudes and behaviours.

Improving the bank's image and engaging in pro-social initiatives have the potential to increase customer attachment. Research shows that customers respond positively to banks that demonstrate care and social commitment, such as actions supporting people with disabilities or environmental protection. It is recommended for banks to focus on these areas to showcase their

responsibility as financial institutions that care about the well-being of the communities they operate in. However, in order to fully understand customers' attitudes and behaviours towards loyalty actions undertaken, it is necessary to present the factors that have the greatest impact on customer loyalty towards the bank and, therefore, loyalty behaviours. To ensure customer loyalty, the most important factor is the perception that the bank treats them seriously and with respect. Significant factors influencing customer loyalty also include the quality of service, creating a friendly atmosphere, providing regular information about interesting products and services, and ensuring positive and emotionally satisfying benefits resulting from the relationship with the bank. Transaction security, effective communication between the bank and the customer, the quality of banking services and products, and commitment to developing the customer-bank relationship through active understanding of customer needs and opinions can be decisive factors for customers when choosing a bank.

Another aspect is customer value, which determines the extent to which a loyalty program provides expected benefits to customers. Although only a small percentage of respondents participate in loyalty programs, there is a group of customers who engage in these programs and perceive them to have a positive impact on their regular use of the bank's offerings. This solidifies the customer's bond with the bank and discourages them from switching to another financial institution. Loyalty programs are most effective among customers aged 55-64, who recognize the value and benefits derived from these programs. They are more engaged in the bank's offered actions and see them as a factor strengthening the bond with the bank through the provision of valuable and personalized benefits.

Customer satisfaction is another aspect. The higher the satisfaction level, the higher the likelihood that the customer will be loyal and recommend the bank to others. The research results unequivocally indicate that the majority of participating bank customers in loyalty programs are satisfied with them. Specifically, individuals aged 45-64 exhibit a high level of satisfaction with these programs compared to other age groups. This suggests a relation between the customer's age and the level of satisfaction with the bank's loyalty actions. These findings indicate the need for a better understanding of the expectations and preferences of different age groups to tailor loyalty strategies and increase customer satisfaction across all age segments.

In the context of these different dimensions, studying the attitudes and behaviours of bank customers towards loyalty actions directed at them has become a significant research task. Understanding customers' opinions, expectations, and reactions to these actions will enable banks to better adapt their loyalty strategies to build customer value, increase loyalty levels, and create lasting relationships based on trust and mutual benefit.

**5. What are the differences in customers' reactions to loyalty programs and other actions taken by banks (persuasion instruments)? What are the criteria for evaluating the attractiveness of loyalty programs from the customer's perspective?**

Research shows that customers' responses to loyalty programs and other loyalty actions by banks vary. The majority of respondents do not use bank loyalty programs, indicating the need for further improvement in the attractiveness and effectiveness of these programs.

Men participate in bank loyalty programs more often than women, which may suggest a greater interest in the benefits offered by these programs or a greater propensity to use banks' persuasion instruments. Younger generations participate in loyalty programs more frequently than older ones, indicating their greater openness to new offers and greater interest in such programs. Higher-income individuals also use bank loyalty programs more often. This may be due to greater financial awareness and the ability to use a variety of banking services, which are often rewarded within these programs.

The conclusion drawn from these differences is that loyalty programs and other actions by banks have different impacts on different customer groups. Banks should take these differences into account and adjust their persuasive strategies to the preferences, needs, and socio-demographic characteristics of their customers.

Research has identified several key criteria by which customers evaluate the attractiveness of loyalty actions. Customer value is one of the main criteria for evaluating loyalty programs. Customers assess programs based on the benefits they can gain in exchange for their engagement. Customer value can be measured through access to attractive rewards, special offers, discounts, or other financial compensations. Additionally, customers evaluate emotional aspects, such as the social actions undertaken by the bank, which influence their attachment to the bank. Not every program will be equally attractive to every customer. The value provided by a program is subjective, and customers assess it based on their own criteria. In terms of evaluating the attractiveness of bank loyalty programs, research has shown that the most important criterion for customers is rewards and financial benefits. Attractive welcome packages, promotions, discounts, and rebates are expected, and it is important for these benefits to be tangible and concrete. Another criterion relates to customer activity and engagement, such as the ease of joining the program in terms of formalities and participation costs. Customers also value better access to electronic and mobile banking services, as well as free services for loyal customers, such as no account maintenance fees, card ownership, transfers or ATM withdrawals. High-quality customer service and access to a dedicated phone line are also important criteria for evaluating the attractiveness of loyalty actions.

In summary, banks are recommended to continuously improve and adjust their loyalty programs, taking into account differences in customer preferences and reactions. Creating personalized offers and benefits based on an understanding of customer needs contributes to building loyalty and attracting customer attention. Banks should analyze customers' demographic and behavioural data to better tailor loyalty programs to their expectations. Economic aspects, low entry barriers, better access to electronic banking, improving customer service, and free services for loyal customers are attractive to most customers. Additionally, emotional aspects such as feeling appreciated and acknowledged by the bank are important for customer satisfaction with the loyalty program and building attachment to the bank.

**6. What features, values, and benefits do customers expect from banks in loyalty programs and other bank activities? To what extent do banks fulfill these expectations?**

Research indicates the significance of various features of loyalty programs and bank activities for customers. Customers highly value economic benefits such as promotions, discounts, and rebates, as well as data and transaction security. Emotional aspects are also important, although less significant. Key features that customers pay attention to include employee engagement in problem-solving, a good atmosphere, and friendly service. They expect regular communication regarding services and products that interest them, as well as receiving increasingly better offers as loyal bank customers. Simplicity of participation terms, minimal spending and transaction requirements, are also important. Access to special privileges and rewards, keeping promised conditions, and tailoring offers to customer needs build trust and loyalty. Customers want to have the opportunity to provide feedback and suggestions regarding the bank's offerings to feel engaged in the offer creation process. Additionally, customers appreciate the ability to test new products and services and explore innovations. Sharing common values with the bank and participating in social, ecological or educational activities are significant for customers. They want to identify with a bank that engages in these areas. Building a positive image as loyal customers and participating in exclusive loyalty programs are also important for customers seeking recognition and exclusive benefits. Feeling noticed and appreciated by the bank, as well as receiving rewards, discounts, and benefits, impact the value and utility of loyalty programs and bank activities.

Looking at respondents' evaluations of different aspects of loyalty programs, disparities can be observed between customer expectations and the degree of fulfillment by the bank. Particularly in the areas of feeling noticed and participating in something exclusive, ratings are lower. Banks should focus on improving these areas to better meet customer expectations.

Actions such as increasing interactions and communication with customers and introducing elements of prestige into loyalty programs can contribute to strengthening customer relationships. Banks should concentrate on providing customers with a sense of individual attention and appreciation.

**7. How does the hierarchy of persuasion instruments in a bank's loyalty program align in terms of their impact on customer value and purchasing behaviour of bank customers? What is the role of other bank activities in shaping customer value through value proposition, value co-creation, and value-in-use?**

The loyalty initiatives of a bank play a crucial role in creating customer value by offering benefits and engaging customers in the value creation process. Analyzing and evaluating the instruments that create customer value allows to establish a hierarchy of their importance. Research results indicate that the most important aspects of a bank's loyalty activities that build customer value are:

1. Improved accessibility to electronic and mobile banking services.
2. Enhanced customer service.
3. Free services for loyal customers.
4. Dedicated phone line.
5. Higher service quality and improved availability.
6. Market introduction of innovations and continuous improvement of the bank's offerings.
7. Additional services offered by the bank.
8. Establishing personal contact with customers.
9. Rewards for using payment cards.
10. Reduction of fees and commissions.

Additionally, in the context of creating customer value through value proposition, value co-creation, and value-in-use, there are several other actions that are significant from the customer's perspective, such as ensuring customer safety and privacy, treating customer matters seriously and with care, ensuring service quality and a pleasant atmosphere, efficient problem-solving, regular provision of information about products and services, receiving increasingly better offers, tailoring offerings to customer needs and preferences, and responding to suggestions and feedback. It also includes the ability to negotiate contract terms and influence the bank's offerings through introducing certain changes.

**8. Can identified and verified factors and processes in customer loyalty towards banks serve as the basis for constructing a customer value shaping model in the process of building loyal relationships with the bank? To what extent is the**



**customer value shaping model in the process of building customer loyalty diversified based on the characteristics of customers that form the basis for segmenting the target market of banks?**

Based on conducted research, the factors and processes of customer loyalty towards banks have been verified. The most important factors and criteria that can form the basis for constructing a customer value shaping model in the process of building loyalty with the bank have been identified. This means that these factors and processes are significant to customers and influence their satisfaction and loyalty towards the bank. The customer value shaping model involves identifying and understanding customers' needs and expectations in order to deliver value that exceeds their expectations. It is based on analyzing data regarding customers' preferences, behaviours, demographics, preferred communication channels, and other factors. The identified factors of customer loyalty play a significant role in the process of creating a model that allows banks to tailor their offerings and actions to the specific needs of customers. Combining this information with knowledge from scientific literature and the work of other researchers and practitioners enables a better understanding of the complex nature of customer loyalty in the banking sector. Based on these factors, a customer value shaping model can be developed that takes into account customers' preferences and expectations. As a result, models and recommendations are created that provide a solid foundation for bank actions. The model can encompass various aspects such as financial, emotional, and individual utility aspects, product and service quality. It can also include promotion strategies, loyalty programs, improved customer service, and aligning product and service offerings with customer expectations. These actions aim to increase customer loyalty by providing personalized and relevant services and offerings that meet their needs.

This model is diversified based on the characteristics of customers that form the basis for segmenting the target market of banks. When developing loyalty programs, banks should place a strong emphasis on profiling the needs and expectations of customers according to different segments and socio-demographic categories because each individual group will show distinct preferences regarding the nature of the loyalty program offering. As research results have shown, the type of expectations regarding loyalty programs differs for different customers depending on their age, gender, income, and declared level of loyalty towards their bank. Therefore, proper customer segmentation and appropriate alignment of loyalty program aspects are crucial, as each individual group will exhibit distinctly different preferences regarding the nature of the loyalty program offering. It is recommended for banks to precede such models with careful analysis and planning to ensure effectiveness and profitability for the bank while

delivering value to individual customers. Close collaboration with business partners is also required to ensure that the benefits offered are attractive from the customer's perspective.

However, it requires further in-depth work and combining data with the knowledge and experience of banks. This may lead to further research in this area.

Summing up, the work identified key factors determining customer behaviour and emphasized that their behaviour is influenced not only by rational variables but also by emotional ones. Identifying the factors determining customer behaviour allows for predicting their future actions to some extent, which can be applied in the strategic decisions of banks, such as adjusting offers to customer expectations. Aligning offers with customer needs can result in increased satisfaction and loyalty, which, in turn, can lead to repeat purchases and recommendations for the bank.

Loyalty initiatives are one of the fundamental tools that banks use to create value for their customers. Their goal is to attract new customers, retain existing ones, and increase their level of activity. However, the impact of loyalty initiatives on customer value varies and depends on specific actions and their effects. Research has shown that loyalty programs based on tangible rewards, such as bonuses or discounts, are more effective in encouraging customers to use banking services than programs based on intangible rewards, such as access to exclusive services. Access to additional services and the tangibility of benefits were significant factors influencing customer decisions, according to the respondents.

It is worth noting that loyalty initiatives can only act as part of a larger marketing strategy, which also includes other actions aimed at increasing customer satisfaction and improving service quality.

Considering the loyalty initiatives of the bank, respondents considered actions related to improving customer service, easier access to online and mobile banking services, and free services for loyal customers to be the most important. Therefore, when developing a customer loyalty model, banks should focus primarily on these aspects of value delivery. Research has also shown that the most important customer expectations in loyalty initiatives were financial aspects such as promotions, discounts, and rebates. When designing loyalty programs, banks should also consider aspects such as ease of program access and participation costs. Taking loyalty factors into account, customers indicated convenience of using banking services and personal experiences and trust in the bank as the most important factors influencing their recommendation of the bank to others.

Bank loyalty programs must deliver value that customers perceive as beneficial and satisfying. The value proposition, i.e., what the bank offers customers in exchange for their

loyalty, plays a crucial role in building long-lasting relationships with customers. Additionally, co-creation of value is an important aspect of loyalty initiatives. This means that the bank should involve customers in the value creation process, providing them with the opportunity to participate in designing loyalty programs and adapting them to their individual needs. Such collaboration contributes to increased customer engagement and strengthens their loyalty to the bank. Ultimately, the value-in-use reflects how customers perceive and experience the value generated by loyalty programs. The bank must ensure that these programs are user-friendly, satisfying, and meet customer expectations.

This thesis emphasizes the relationships between the elements of individual value creation instruments and their significance for decision-making, which can have practical value for banks. **It also points to potential directions for future research in the field of customer value creation in the banking services market, such as:**

1. In-depth research on customer value creation instruments in the banking services market. Research should focus on analyzing and evaluating existing value creation instruments, such as service personalization, special offers, loyalty programs, etc. It is important to understand which instruments are most effective and how they influence customer decisions.
2. Research on customer behaviour with segmentation in mind. Banks should conduct research on customer behaviour considering different segments. Analyzing preferences, needs, and expectations of customers in different demographic and behavioural groups will allow banks to better tailor their offerings and value creation strategies to specific segments.
3. Examination of customer value creation instruments from the banks' perspective. It is important to understand how banks perceive and implement different customer value creation instruments. Research should focus on how banks assess the effectiveness and profitability of these instruments, what their priorities are, and what challenges they encounter in their implementation.

Research in the above-mentioned areas can contribute to a better understanding of the customer value creation process in the banking sector. It will also provide guidance on optimal utilization of value creation instruments and improvement of marketing strategies and customer service in banks.