Retail Bank brand loyalty towards Capitec Bank and FNB among LSM 1-6 consumers in South Africa – a study on the influences of brand perception and loyalty

By

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2 ABSTRACT

This exploratory study aims to build on the understanding of brand loyalty versus value proposition in the context of poverty alleviation, by looking into the drivers of LSM 1-6 consumer brand loyalty towards Capitec and FNB and their perceptions of South Africa's top five retail banking brands. Capitec and FNB continue to grow their market share in the lower to middle LSM consumer segment through their Global One and eWallet offerings, respectively, while not comparably, the most affordable brands for this cost-conscious segment. To achieve this, data was collected through qualitative in-depth interviews were conducted with six Capitec and/or FNB eWallet users in Gauteng. Content analysis was used to extract and conclude the findings of the study juxtapositioned against Aaker (1991) and Seth & Park's (1974) brand theories. The findings of this study and their implications will build on the understanding of how consumers in this segment derive value from banking products and services. Secondly, what other banking brands can learn about effectively marketing their brands to this segment.

3 INTRODUCTION

3.1 Contextualisation

Retail banks play a pivotal role in the growth of an economy and the level of competition in South Africa's retail sector has encouraged efficiencies and innovation in the industry (Nhundu, 2017). Financial Sector Conduct Authority (2022) reported that in 2021, over 81% of South Africa's bankable population had access to a bank account. However real access to financial services remained low, as demonstrated by the low levels of account usage. For many years South Africa's lower Living Standards Measure (LSM) 1-4 base remained excluded from formal banking services due to high banking fees and complicated application processes, requiring formal documentation to access banking services (Financial Sector Conduct Authority, 2020). This subsequently led to a more prominent need for cash and mobile money services in this consumer segment.

A FinScope survey conducted in 2021 found that within the 81% bankable population, 40% of dormant accounts were held by individuals from low-income households and that within this segment, another 19% withdrew all funds from their bank account, as soon as a deposit was made (the latter is also referred to as a mailbox account). In contrast, only 3% of the accounts held by high-income individuals lay dormant (Financial Sector Conduct Authority, 2020). While in the higher LSM segments (7-10), banking serves as a tool for saving, investments and access to credit, in the lower LSM segment however, banking is typically viewed as a transactional tool– a means of receiving, sending money and making payments.

South Africa has an exceptionally well-developed banking system with healthy competition, particularly among the five largest retail banks (Bosschoff, 2020). The competitive nature of the banking is further intensified by new entrants such as Discovery Bank and Thyme bank (MarketLine 2017:17). Most of these retail banks serve multiple market segments and build their marketing strategies around their unique product value propositions, good client service and customer loyalty, among other factors, to retain their customers and further penetrate the market (Bosschoff, 2020). However, in most instances, when one of the major South African banks initiates an innovative offering into the market, other banks imitate this offering shortly after. This however, does not guarantee equal success for the laggers.

As a market entrant in the early 2000's, Capitec Bank (hereon Capitec) became a market disruptor with the launch of its Global One account – the most affordable entry level account at the time, targeted at lower LSM consumers (BusinessTech, 2022). Capitec's new business model simplified banking and made banking services more accessible to the poor. On the other hand, First National Bank (hereon FNB) introduced its eWallet offering as a digital transaction alternative for consumers without bank accounts, needing to receive money.

Capitec and FNB have since grown their market share significantly over the years and continue to reap the benefits of this growth in the LSM 1-6 segment (BusinessTech, 2022). The larger, more traditional banks such as Absa, Nedbank and Standard Bank have since made efforts to be more inclusive of lower LSM consumers by reducing their entry level account fees and introducing mobile service offerings that do not require all transacting consumers to hold a bank account. This has enabled the incumbent banks to compete more effectively for market share in this market segment. That said, these banks have not been as successful as Capitec and FNB in this regard (BusinessTech, 2022).

The increasing brand loyalty from LSM 1-6 consumers towards Capitec and FNB eWallet has left the incumbent banks lagging in market share despite, in some instances, presenting comparatively more affordable offerings. According to BusinessTech (2020), towards the end of 2020, among the five largest banks in South Africa, Capitec held the largest customer base at 14.5 million and the highest customer satisfaction rating at 84%, in comparison, as illustrated in Table 1 below. FNB held the second lowest customer base at 8.2 million while its customer satisfaction rating was the third highest at 79.9%.

Table 1: Customer base and satisfaction ratings

Bank	Customers (Latest reported)	Customer Satisfaction (2019.20)
Capitec	**14.5 million**	**84.0**
Absa	**9.7 million**	**76.8**
Standard Bank	**9.2 million**	**75.3**
FirstRand (FNB)	**8.2 million**	**79.9**
Nedbank	**7.3 million**	**80.2**

[Source: BusinessTech, 2020].

In light of the above, this study seeks to explore the drivers of brand loyalty, brand perception around the top five retail banks and specifically what drives uptake of Capitec's Global One account and FNB's eWallet offerings, in South Africa's LSM 1-6 segment. The literature reviewed in this study will provide insights into some of the contributing factors towards consumer brand loyalty in the retail banking sector. Moreover, the literature alongside the research conducted, will reveal how Capitec and FNB manage to uniquely cater to the needs of the lower-to-middle LSM segment, build resonance, salience and the relevance to continuously grow their market share.

By gaining a better understanding of the cognitive processes that inform where consumers in this segment bank or through which bank, they prefer to transact, decision makers and marketers will be better positioned to develop more evidence-based marketing strategies for this particular segment. These revised strategies will need to be supported by adjusted business models, and more effective communication of their value propositions to increase their market share in this segment (Bosschoff, 2020). The increased visibility of competitive offerings for this segment will also benefit consumers who will have a notably wider pool of options and can thus engage the brands that best suit their needs and lifestyles (Nhundu, 2017).

3.2 Problem statement

This qualitative study was inspired by the reflection that while there are several highly competitive retail banks available, with very similar offerings, Capitec and FNB appear to be widely popular brands that have grown their retail market share in the LSM 1-6 segment, significantly over the years. Furthermore, the questions in the questionnaire sought to determine the relevance of two theories which form the foundation of this study, as they pertain to the findings and insights discovered.

LSM 1-6 consumers in South Africa have a growing need for banking services in a market that is organically growing to be more digital as a result of the fourth industrial revolution (4IR). Due to the low-income range of this segment, which operates in a predominantly cash driven society, these consumers are typically looking for the most affordable and flexible entry-level bank and mobile transactional accounts (Financial Sector Conduct Authority, 2022). However, brand loyalty and brand perceptions of the various offerings available, may be the reason that Capitec and FNB hold and continue to grow their market share with this consumer segment and not necessarily comparative value and affordability.

3.3 Purpose Statement

The purpose of this study is to explore brand loyalty versus value proposition in the context of poverty alleviation by looking into the drivers of LSM 1-6 consumer brand loyalty towards Capitec and FNB. This study will shed light on what drives the uptake of the Capitec Global One account and FNB e-wallet offering over similar products offered by other banks in the market and why Capitec and FNB remain so popular in the lower-to-middle LSM consumer segment. Lastly, this study will explore the views in which the top five banks are perceived by this consumer segment and the influencing factors of these perceptions.

3.4 Research Question

The main question to be answered by this study is: what are the drivers of retail bank brand loyalty towards Capitec and FNB in South Africa's LSM 1-6 segment? To enrich the answers to the primary question, this study will answer why lower-to-middle LSM clients of FNB and Capitec remain loyal to these brands over the other large retail banks, despite not being the most affordable options and not offering significantly unique products and services. The findings of this study and their implications will build on the understanding of how consumers in segment derive value from banking products and services. Secondly, the findings will provide guidance as to what other banking brands can learn about effectively marketing their brands to this market segment. The question aims to not only shed light on causality in this context but to also to build an understanding of the reasons behind consumer cognitive processes and behaviours to determine how a better outcome can be achieved for other brands.

3.5 Research Objectives

The primary objectives of this study are:

- To understand the factors that influence consumer brand loyalty towards Capitec and FNB
- To understand the factors that influence brand perception toward the top five banks in the retail sector
- To gain an understanding of lower-to-middle LSM consumers' cognitive processes that lead to the uptake of Capitec and FNB entry level account and digital banking products over those offered by other retail banks.

4 LITERATURE REVIEW

4.1 Conceptualisation

The following key concepts have been identified for the purposes of this study and will be explored further in the literature review.

a) **Brand Loyalty** – this study adopts Seth & Park's (1974) theory of attitudinal brand loyalty and Aaker's (1991) behavioural brand loyalty pyramid. The aim is to gain a more holistic view the drivers of brand loyalty towards Capitec and FNB in the lower-to-middle LSM segment. This will inform strategies around sustainable customer loyalty and how retention strategies can be built by brands who wish to reposition themselves in the market, through their unique value propositions to retain their current client base and grow their market share, in this consumer segment.

b) The extent to which Capitec and FNB advanced the **financial inclusion** agenda in South Africa and disrupted the retail banking sector. This was achieved in part by changing their business operating models to offer low-fee accounts and digital banking solutions in response to evolving consumer needs in the LSM 1-6 segment. By committing to being more inclusive, Capitec and FNB have grown their brand value and equity in the sector, and it could be argued that there are valuable lessons to be learned from these institutions and their view of profitable banking.

c) The **retail banking evolution** and how Capitec and FNB used market insights and financial technology (fintech) to develop new solutions for a market segment that was previously considered to be "unbankable" by the incumbent and more traditional banks. Thus, tapping into a significantly large audience group, which increased their brand value, market share, revenues and brand equity over the years. The strides made by Capitec and FNB have undoubtedly encouraged the incumbent banks to follow suit – thus evolving the entire sector to offer consumers more convenient and flexible ways to bank.

d) **Consumer perceptions** of the top five retail banking brands (Absa, Capitec, FNB, Nedbank and Standard Bank) and how they influence consumer decision making, brand loyalty and consumer uptake in the lower to middle LSM segment. Moreover, this study will share insights into what informs these perceptions or how they are formed.

4.2 Theoretical Foundation

Seth & Park (1974) define brand loyalty as an individual positively emotive bias, valuing and the behavioural tendency to repeatedly use or purchase a particular brand, over alternative brands. This theory argues that brand loyalty is particularly interesting because it also considers that consumers may be loyal to a brand they have never bought and rather develop loyalty to brands based on their consumption experiences as opposed to buying experiences (Seth & Park, 1974). In the context of this study, this idea can be applied to consumers who do not have a bank account with Capitec or FNB yet articulate a sense of loyalty towards these banks because they frequently receive money from account holders through these banks' facilities and their overall experience with these brands has been positive.

The plausibility of brand loyalty being formed as a result of informed opinions, imitated behaviour, generalisation and consumption behaviour and not from buying behaviour experiences (Seth & Park, 1974) will be tested through the data collected for this study. This theory suggests that brand loyalty can exist at the non-behavioural level for consumers that are not necessarily decision makers. Aaker (1991)'s brand loyalty pyramid, which was developed from a behavioural perspective prescribes that when a consumer is loyal to a brand, they will continue to use the brands services or purchase its products even if the brand were to increase prices or alter product features without impacting the perceived benefits gained. These two theories build constructively on the definition of brand loyalty by highlighting the different ways in which it can manifest.

The results of this study will be juxtaposed against the five layers of Aaker's (1991) brand loyalty pyramid and Seth & Park's (1974) definition of non-behavioural brand loyalty. The intention behind this comparison is to gain a better understanding of the drivers of LSM 1-6 consumer brand loyalty towards Capitec and FNB. The outcome aims to assist decision makers and marketers in the retail banking sector, wishing to build greater brand loyalty, increase market share in this segment, to better position their service/product value propositions and effectively communicate to build resonance and salience in the segment and thus drive product uptake and profitability.

4.3 Review of previous literature

The concept that there is a level of banking brand preference in the lower-to-middle LSM segment is likely the result of several factors such as the way a particular bank performs, the ease of using its services, safeguarding deposits and credit accessibility for its clients (Adefulu & Van Scheers, 2017). Banking preference further predicts how customers would select the bank to deposit, borrow and perform any other financial transactions through and naturally this will vary from one person to the next due to contextual nuances (Financial Sector Conduct Authority, 2020). A study of brand loyalty and perception of the two banks serving the bulk of the lower LSM segments in South Africa will enable other bank brands in the sector to be more strategic in their operational and marketing activities, to attract new customers while retaining existing customers (Adefulu & Van Scheers, 2017).

4.3.1 Brand Loyalty

Brand loyalty as described by Amenuvor *et al.* (2019), is a preferential behavioural response, expressed over time, by an individual or group in the context of one or more alternative brands and is a function of cognitive processes that inform purchasing decisions. Brand loyalty is influenced by brand trust, brand image, perceived value, brand reputation, and brand experience (Huran et al, 2021). Loyal consumers are defined as those who prefer to stick with the brand, feel satisfied and comfortable with the brand and this eventually brings about a level of unwillingness to switch brands even when prices are increased because the consumer considers their preferred brand as the primary choice in a competitive array (Velmurugan & Thalhath, 2021). Amenuvor *et al.* (2019) affirms this sentiment by stating that brand loyal customers are less price-sensitive because they hold the perception that their brand of choice offers superior value. Alkhawaldeh *et al*, (2017) suggests that brand loyalty is often the result of the implementation of a good marketing strategy coupled with a clearly differentiated value proposition.

In a highly competitive market, consumer brand loyalty can lead to a higher competitive advantage and profitability for a brand. While loyal consumers are also likely to become brand advocates who will share their positive experiences of a particular brand, with others and consequently influence perception, consumer uptake can organically grow the brand's market share and ultimately build the brand's equity (Amenuvor *et al.,* 2019).

Alkhawaldeh *et al*. (2017) adds brand loyalty can be divided into two parts - behavioural and attitudinal. Behavioural loyalty reflects a consumer's cognitive processing prior to purchase, that over time, influences a level of loyalty towards a specific brand. For a business or a bank, in the context of this study, long-term relationships with customers coupled with increased volume of transactions and their frequency, is highly profitable. Therefore, concentrating strategic efforts towards building customer loyalty can be indisputably beneficial for retail banks (Shynkarenko *et al*., 2019).

The pre-purchase decision making process is largely based on the resonance built between the consumer and the brand. When it comes to choosing a bank, research has shown that consumers are less trusting of salespeople and or adverts and rather prefer advice and recommendations being shared by family, friends or colleagues (Usetada, 2022). Customer advocacy appears to be, to some extent, more effective for recruiting new clients and increasing market share. Furthermore, Harvard Business Review (2022) reported that referred clients typically generate 15% more profits than non-referred clients. Moreover, a study by the University of Pennsylvania (2022) found that financial businesses such as banks, can effectively leverage the power of customer advocacy and referrals to increase product and service uptake by up to 16% while maintaining 18% higher retention rate (Usetada, 2022). One of the ways to further encourage loyalty and retention is by rewarding customers to enhance their brand experience, perception and increase satisfaction levels (Usetada, 2022).

4.3.2 Financial Inclusion

Mhlanga et al., (2021) describes financial inclusion as a series of strategies that can be implemented by South Africa's policy makers to alleviate poverty, unemployment and reduce inequality. The importance of financial inclusion strategies has also been emphasised by the South African government through its most recent National Development Plan (NDP), for the reasons stated by Mhlanga et al., 2021. Moreover, financial inclusion is viewed as a priority to continuously increase access to banking services to poorer people by increasing affordablility.

According to FinMark Trust (2021), South Africa's banked population sits at 33.9 million (81% of the adult population) while informal transacting mechanisms remain key component of financial devices and consumer needs grow more complex. Yet according to Financial Sector Conduct Authority (2020), 67% of the adult population claim that the bank fees are too expensive.

On a broader macro-economic scale, financial inclusion is essential to the sustainable economic growth of a country, because it seeks to incorporate parts of a population that have been historically excluded from the formal financial sector due to their income levels and financial volatility, location or their level of financial literacy. Increasing low-income customers' access to financial services is crucial for the success of South Africa's broad-based empowerment measures, as well as for reducing poverty and promoting faster, more widespread economic growth.

In so doing, a South Africa can tap more holistically into the potential of this marginalised segment by strengthening their human and physical capital, encouraging more income-generating activities, This would allow this segment to engage more actively in the economy while managing the risks associated with their financial volatility (Loius & Chartier, 2017).

Moreover, greater savings mobilisation may emerge from improved access to saving and borrowing options, which may also speed up the formation of households and businesses and increase demand for goods and services across the economy. The issue of access to financial services is likely to remain a defining one in South Africa's financial sector for a very long time due to these factors - both political and economic imperatives (Mali, 2020)

On a micro-economic level, the financial inclusion of the poor can result in access to credit, which is particularly important for the growth of small businesses, improved access to gainful employment and increase household consumption. Despite the developments of low-fee bank accounts and digital banking services by retail banks, there is still a gap in the regulation of digital credit and thus the inclusion of the poorer segment is still quite limited (Simatele, 2021). According to Loius & Chartier (2017), historically, public-private financial inclusion initiatives have not significantly and sustainably managed to include the poor into the country's economic growth. The reason for this is primarily because financial inclusion initiatives have been traditionally treated as social responsibility initiatives by the government and the banking sector without a comprehensive and committed route to sustainable financial inclusion. When considering how banking brands can effectively service the lower LSM segment, it is important to bear in mind that these consumers are often constrained by inadequate infrastructure and sometimes lack the knowledge about the availability of services that could help them (Simatele, 2021).

While the exclusion of the lower LSM segment was initially driven by the systemic design of apartheid in South Africa and later, the mismatch between the services provided by banks and the financial needs of the consumer (Simatele, 2021). What Capitec and FNB seem to have been able to grasp earlier on, is that by changing their operating models, simplifying and making banking more affordable to include the comparably large lower LSM segment in South Africa, they could significantly increase their customer base. This led to greater revenues and a positive impact on the growth of South Africa's economy.

4.3.3 Retail banking evolution

The way banks operate has changed significantly over the past decade as technology and changing consumer preferences have redefined the banking sphere (Coetzee, 2018). For several years now, banks have been moving their customers out of their branches and onto digital channels to save on costs incurred to manage in-branch processes while building a more seamless customer experience (Accenture, 2020). Albeit many customers have embraced the shift to digital, customer segments, particularly in the more mature customers and those in the LSM1-6, still prefer to visit their branch even for simple transactions (Accenture, 2020).

As is the case with most industries, when the COVID-19 pandemic struck, banks began closing branches, some of these branches were closed indefinitely, leaving consumers with no other option but to use their bank's digital channels (Accenture, 2020). Accenture (2020) consumer study also discovered that as a result of this migration to digital platforms, 50% of consumers now interact with their bank through mobile apps or websites at least once a week, compared to 32% two years ago. Despite this sector-wide trend, Capitec moved in the opposite direction to expand its reach by increasing its number of branches and ATM's spread across the country BusinessTech, 2020). Capitec understood that Lower LSM consumers who characteristically have low literacy levels, less access to the internet and thus less digitally savvy, will likely prefer to engage with their bank in a more traditional manner - in person contact.

On the digital front, factors that have changed the retail banking landscape include artificial intelligence (AI), biometrics and robotics which have, and continue to challenge conventional thinking around how consumers transact and their preferences for certain banking products and services over others, based on their needs (Coetzee, 2018). For this reason, banks such as Capitec and FNB have managed to capitalise on the opportunities presented by three changing dynamics and the strategies implemented have led to a competitive advantage over the more traditional banks in the entry level account and digital banking product space (Cairins, 2017).

When Capitec entered the banking sector, key components in its strategy included simplified digital registration and transaction application processes with less documentation requirements and leaner branches. This digitalisation of banking presented a major challenge to more established banks, with complex requirements and cumbersome paper-driven processes (Ntimane, 2020). Five years ago, Capitec had the smallest market capitalisation across the big five retail banks in South Africa, however by the end of 2020, due to the increase in its Global One account clients, it had the third largest, above Nedbank and Absa on the Johannesburg Stock Exchange. This demonstrates tangible growth in the brands value and equity (BusinessTech, 2020).

On the other hand, FNB has been referred to as a leader in the digital banking space, catapulted by the introduction and uptake of its eWallet offering. During the course of the global pandemic which undoubtably put strain on household incomes for many across South Africa, FNB eWallet remained the most popular way for consumers to send and receive money (BusinessTech, 2021).

> “eWallet is a success story of meaningful financial inclusion as a it allows the Bank’s customers to send money to anyone with a cellphone number” - *Raj Makanjee, CEO FNB Reatil and Private Banking* (BusinessTech, 2021).

Masocha & Matiza (2017) explain that electronic-banking services like FNB eWallet improve the overall customer experience and satisfaction over a wider geographical area including previously disadvantaged rural and township communities. The driving factors are that these services are often simpler and offer customers a greater level of convenience, reduced transaction costs and provide a more seamless transaction with increased functionality and confidentiality. All of which positively impacts customer loyalty and retention (Masocha & Matiza, 2017).

By enabling consumers that do not have bank accounts, to transact through this service, FNB has managed to include a large, relatively excluded market segment to the sector. Furthermore, Zibu Nqala, CEO of FNB eWallet mentioned that the brand has seen a growing trend of frequent eWallet users taking up low-fee entry level accounts with FNB (BusinessTech, 2021). From this statement it can be deduced that it is the brand experience enjoyed by eWallet users that leads to salience, resonance, brand trust and encourages their uptake of an FNB entry level account. This assertion, however, stands to be affirmed by the results of this study as all the incumbent banks now offer digital banking services like FNB's eWallet - as noted by Ntimane (2020), when one of the major South African banks initiates an innovative offering into the market, other banks typically imitate this offering shortly thereafter.

4.3.4 Consumer perception

The promise theory that was first developed by Calonius (1986: 420) states that the consistencies between internal and external marketing activities of an organisation form the customer's perceptions of a brand. Further, it states that marketing integrates and aligns employee and customer perceptions and attitudes of the brand. External marketing activities such as advertising, promotions, public relations, direct marketing and other selling activities, are what brands use create an awareness of their offering and to communicate their brand promise to consumers. The resonance of this communication, fulfilment of the brand promise and the consumers experience ultimately inform the way a brand is perceived Calonius (1986).

Accenture (2020)'s consumer study found that "value for money" was the most important factor considered by consumers when dealing with their bank. In a market as saturated as South Africa's banking industry, where most of the banks provide similar offerings, one of the key strategies that banking brands can adopt to, distinguish themselves from their competitors, is a well-articulated marketing communication strategy that clearly positions their product/service value propositions in alignment with targeted consumer needs (Zephaniah *et al*., 2020).

In addition, the most successful banking brands are those that increasingly invest in marketing communication, while others cling to more traditional spending habits which are far less effective in delivering relevant and memorable experiences to their current customers and even less effective in attracting new customers.

Chitamba (2018) adds that due to the competitive nature of the banking sector, it is critical that banks maintain a keen ear on consumer perceptions surrounding their brands, to ensure that they are consistently meeting customer needs. An understanding of consumer perceptions empowers a brand to evolve when necessary and maintain its competitive advantage.

5 RESEARCH METHODOLOGY

5.1 Research Paradigm

The research paradigm applied to this study can be described as exploratory interpretivist because the aim is to explore and understand the perceptions and drivers of brand loyalty of LSM 1-4 consumers towards Capitec and FNB in the retail banking space have not yet been explored in-depth. In-depth interviews with a sample of six respondents, to reach data saturation, who fall within the LSM 1-4 segment and have either a Capitec Global One account or use FNB's eWallet frequently, have been examined to draw insights and gain a better understanding of the qualitative data availed for this topic. These interviews will take place in the respondent's particular social context.

Interpretivism holds the perspective that truth and knowledge is subjective and influenced by culture, lived experiences and our understanding of these experiences (Makri & Neely, 2021). As a researcher, one can never separate themselves from their own values and beliefs and these will inevitably inform the way in which data is collected, personal interactions with respondents and previous experiences. This means that reality of such study may have many different representations in the way it is interpreted and analysed (Ryan, 2018). Ryan (2018) goes on to explain that interpretivism takes a relativist ontological view which speaks to individuals naturally forming differing opinions and sharing varying insights. Interpretivism also assumes a subjectivist epistemology and a balanced axiology (Kivunja & Kuyini, 2017). Epistemology affects how the research insights are exposed in the respondent's social context.

Ontological assumptions made by researchers, assist in orientating one's thinking about the research problem, its relevance and a possible approach to answering the research, and how to contribute to its solution (Kivunja & Kuyini, 2017). The ontological view of this study is that this market segment, with minimal financial resources, is actively engaged in how they manage their finances and make prudent and rational decisions based on their analysis of the information accessible to them. This assumption, however, stands to be corrected by the research findings.

Kivunja & Kuyini (2017) refers to axiology as the ethical issues that need to be considered when planning a research proposal. It considers the philosophical approach to making decisions of value or the right decisions and involves defining, evaluating and understanding right and wrong behaviour related to the manner in which the research will be conducted. Axiology further considers the value attributed to different parts of the research study, the data and analysis (Makri & Neely, 2021).

Overall, a qualitative approach will provide a more holistic understanding of rich, contextual, and generally unstructured, non-numeric data, by engaging in conversations with the research respondents in their natural setting.

5.2 Research Design

The proposed research approach for this study is a qualitative method with analytical cross sectional in-depth interviews. Qualitative research yields a unique depth of understanding which is difficult to gain from quantitative research with closed question surveys. With qualitative research, respondents can freely and fully share their experiences, thoughts, and feelings without constraint (OnePoll, 2022). This method gives the researcher an opportunity to follow up on answers given by respondents, in real time, generating a more insightful conversation on the research topic. This makes qualitative research more dynamic and relevant for exploratory studies, which seek to understand why consumers think or behave in a certain way (OnePoll, 2022).

To gain an understanding of the influences of brand loyalty and uptake, semi-structured open-ended questions are necessary to accommodate nuances in individual consumer needs from retail banking services, their decision-making processes, and opinions. This exploratory study is cross-sectional and by implication, the responses received may change at a later point in time. This study began inductively with Seth & Park (1974) and Aaker’s (1991) theories as the foundation and then took a deductive approach to test these theories. This allowed for several characteristics to be considered for the purposes of the data collection and analysis.

5.3 South African population

Most of the literature consulted in this study refers to the LSM and although the Socio-Economic Measure (SEM) has now replaced this market segmentation tool (Bizcommunity, 2017). Henceforth, this study will refer to this segmentation as the LSM. According to the South African Government population segmentation (2017) the LSM 1 -6 population consists of 12, 8 million people with a gender split of 53% female to 47% male and in total accounting for 63% of South Africa's population. Predominantly, 98% of this population is Black and 2% Coloured, the majority of which have some high school education or have completed Matric.

Geographically, 3% of this population resides in Gauteng. The adult population in this segment (18 – 60 years old) is reported to experience the highest level of unemployment while some work in the informal employment sector as small-scale vendors and blue-collar workers earning between R1 363 and R6 669 per month - this segment is also said to have the least access to wealth (Geller, 2020).

The LSM 1-6 segment further constitutes of the largest population of government grant beneficiaries (South African Government Communications, 2017). This population can be found in both rural and urban parts of the country – housed in traditional huts, subsidised government housing, shacks or 4-5 room houses (Geller, 2020). In addition, this segment has minimal access to private services due to affordability and geographical access - they typically do not own many material possessions and economic participation is also relatively minimal.

5.4 Sampling

A non-probability, convenience sampling method was used to draw insights from six respondents- to reach data saturation - four females and two males, aged between 33 and 58 years old, who are Capitec Global One account holders or frequent users of FNB's eWallet, residing in and around the Olievenhoutbosch township in Tshwane, Gauteng. The chosen location for these interviews is purposeful and more convenient for this study. According to Frith (2011), Olievenhoutbosch has a population of 70 863 spread over 23 777 household, gender base of 54% males and 46% females and a median age of 20-39 years old. The majority of this population consists of Black Africans from a wide range of indigenous (9 out of 11) and foreign tribal backgrounds. This group is likely to consist of career orientated people who migrated from rural areas to an urban area seeking better opportunities to get ahead in life (South African Government Communications, 2017).

Olievenhoutbosch was an ideal and convenient location from which to recruit a diverse array of respondents in the segment, who could shed light on what drives their loyalty towards Capitec and FNB eWallet, what led to the primary use these services when there are similar products offered by other banks in the market, and lastly, to reflect on their perceptions of the top five banks.

This research study sample consists of a 67% and 33% split between females and males respectively, aged between 33 and 58 years old with their occupations ranging from hairdressing to a events logistics. Furthermore, the sample includes South African citizens (83%) and foreign nationals (17%). Lastly, 50% of this sample have a Capitec Global One account and 67% frequently use FNB eWallet to receive money.

5.5 Data Collection

The data for this research was collected qualitatively because it was exploratory in nature. Face-to-face in-depth interviews were conducted, and the interviews were guided by a semi-structured open-ended questionnaire (Annexure A).

Table 2. Respondent profiles for data collection

	Nationality	**Sex**	**Age**	**Monthly income between R1 363 and R6 669 per month**	**Capitec Global One account holder**	**FNB eWallet user**
R1	Mozambican	Male	34	Yes	No	Yes
R2	South African	Female	37	No, earn above R6 669	Yes	No
R3	South African	Female	33	Yes	No	Yes
R4	South African	Female	43	Yes	No	Yes
R5	South African	Male	33	Yes	Yes	Yes
R6	South African	Female	58	No, earn above R6 669	Yes	No

Each respondent in the final sample was randomly approached and asked to a few upfront screening questions to determine their eligibility to participate in the study. Four of the respondents that form part of the sample, fall within the LSM 1-6 population segment and two respondents fall into the higher LSM segment, however all the respondents had either a Capitec Global One account or used FNB's e-wallet frequently. Furthermore, the interviews were held in the respondents' natural environment, at the time and recorded with their consent. Most of the interviews were conducted in South African vernacular (Sesotho and isiZulu) to accommodate the participants' preference and ensure that they were able to comfortably articulate their answers.

The research questionnaire - the primary data collection tool for this study - was designed to accommodate the respondents' nuanced needs from retail banking services and each respondents' decision-making process and opinions. The questionnaire specifically probed into:

- How the respondents typically send and receive money, the reasons they choose to bank with Capitec or use FNB eWallet as their preferred mobile banking service.
- What discouraged them from using other competing banking services.
- Their general perceptions of the top five retail banking brands - Absa, Capitec, FNB, Nedbank and Standard Bank.

The purpose of this discussion being to answer what the drivers of retail bank brand loyalty towards Capitec and FNB in South Africa's LSM 1-6 segment are, what influenced the respondent's perceptions of certain retail banking brands and what drove the respondent's uptake of Capitec's Global One account or FNB eWallet. Once all the data had been collected, the audio recorded interviews were translated, transcribed and key themes determined for each of the research study questions.

5.6 Data Analysis

From the data collected, a summative qualitative content analysis method was used to draw common themes and gain the consumer's understanding of the drivers of their uptake and brand loyalty towards Capitec and/or FNB's products. In addition, the data was analysed to find common themes, connections and generate solutions for the research study problem. The summative content analysis approach allows for patterns to be revealed through the frequency with which certain ideas are shared by the respondents and the deeper interpretations of the topic at hand (Warren, 2020). By converting qualitative inputs into quantitative data, content analysis further enables trustworthy conclusions to be drawn about what customers think about the top five retail banking brands and how these banks, and others, may enhance their opinions and customer experience (Hotjar, 2022).

Moreover, the analysis sought to determine the relationship between the data, literature reviewed for brand loyalty, financial inclusion, the retail banking evolution, and consumer perception as key concepts for this study. While the summative content analysis method was very useful, it was equally important for one to consider the respondent's circumstances and views prior to the interview, and to note more nuanced responses provided, to build a more holistic perspective. It is however relevant to mention that this analysis on its own will may not fully enable the prediction of future outcomes (Calzon, 2022).

In the next chapter, the research findings will be discussed, and recommendations made to suggest how marketers and key decision makers in the retail banking sector, particularly those intentionally competing with Capitec and FNB for a share in this market segment, can draw on the learnings from Capitec and FNB to effectively align their business models to position their brands and communicate their brand value propositions to this market segment and increase market share.

6 PRESENTATION OF FINDINGS

The findings of the study revealed how the respondents perceived different retail banking brands, elaborating further on their perceptions of Capitec and FNB. Moreover, the findings summarised in Table 2, illustrate more clearly, the respondents' perception of value in financial services and how that value is derived from the banking services offered by Capitec and FNB, in the context of a cash driven society. The nuanced needs of the lower to middle LSM, from retail banks are further clarified in the findings and will be discussed.

Table 3: Summary of findings

Theme	**Question**	**Analytical Framework**	**Key Findings**
Brand loyalty	Are you satisfied with the level of service you receive from your current bank? Please elaborate on the reasons for your satisfaction/dissatisfaction. If you do not have a bank account, which of these banks will you consider when you do decide to open a bank account? Which banks service do you prefer sending and receiving money through? Please provide a reason for your answer.	Attitudes and Knowledge	All respondents were happy and satisfied with their bank(s) because their immediate needs are met. Loyalty towards Capitec is driven by affordability, simplicity, convenience and accessibility Loyalty towards FNB is driven by simplicity, enhanced user experience and the brand's aspirational tenets.
Financial inclusion	How do you typically receive	Finscope Financial	The importance of

	and send money? Which, if any, of the banks below do you have an account with	Access 2022	formal banking services that cater to consumers in predominantly cash driven environment that is slowly evolving, is highlighted by the responses from the participants of this study.
Retail banking evolution	How do you typically receive and send money? Which of the following mobile transaction tools have you used?	Practices	The evolved banking models such as low fee entry level accounts and mobile transaction services that have catalysed the initial entry of lower to middle LSM consumers. These innovations have made life more convenient and wider range of amenities accessible to this segment.
Consumer perception	How did you go about choosing your bank(s)? Did you consider any other bank before choosing your current bank?	Attitudes and Knowledge	Perceptions around the different retail banks are largely influenced by word-of-mouth, accessibility, affordability, convenience as well

	If so, what discouraged you from choosing the other banks? If you do not have a bank account, which of these banks will you consider when you do decide to open a bank account? What are the first words that come to mind when you hear of the following banks?		as the manner and frequency in which brands communicate and engage with consumers in the lower to middle LSM segment. The sentiments around each of the five brands were relatively consistent among all the respondents

6.1 Capitec Global One Account

Consistent with the literature reviewed, financial product uptake and usage in the lower to middle LSM consumer segment is a function of affordability and awareness among others. It is important to note that while the respondents are certain that Capitec offers the lowest fee entry-level account, their knowledge about how Capitec's fees compare with those of other banks, appears superficial and mostly validated by advocacy from other consumers.

When pursuing the drivers of consumers towards the Capitec Global One account and their loyalty to the brand, a few key themes are frequently mentioned. The first being affordability – all the respondents who have a Capitec account mention that one of the factors that drew them to the brand is its low transaction account fees in comparison to the other banks. This widespread sentiment around the brand is considered to be one of the contributing factors to the significant growth of Capitec's customer base at 14,5 million clients in 2020 (BusinessTech, 2021). Capitec's focused communication and service efforts around the affordability of its entry level account, appears to have been well and widely received by consumers in the lower-to-middle LSM segment, a much-needed effort towards the national financial inclusion agenda.

Capitec's messaging to consumers has since evolved from its emphasis offering the lowest fee account, to a focus on the simplicity and convenience of its services and this was the second theme that came through quite strongly in data analysis. Secondly, respondents often mentioned that a contributing factor to their satisfaction with Capitec is its simplicity. The brand is described as being simple to understand and transact through, this includes the usage of its banking application. The ease with which the respondents are able to understand how the bank's services work, has also turned them into effective advocates for the brand.

According to Bresendale (2021), 1.8 million South Africans work as informal traders, the majority of whom fall into the LSM 1-6 segment. Eight out of ten traders did not have a bank account, and 60% of those who did simply used their account to make payments. Despite the suggestion by Bresendale (2021), that this segment remains wary of cashless payment methods, the respondents of this study revealed that their initial interest in opening a bank account was triggered by the growing preference for cashless payments, by their clients or employers. Furthermore, the increasing robbery occurrences in Gauteng, heightened concerns around safety when carrying large sums of cash as this poses a greater risk of being robbed or targeted for crime.

In terms the primary sources of information for these consumers, with regards to the different banking services and products available and determining which are superior, the following was discovered. Conversations with friends, colleagues and even clients are the primary comparative sources of information about different banks and services available to these consumers. These consumers typically conduct their research by asking others about their experiences and opinions about certain brands and base their decision on that advocacy among influences such as advertising and accessibility. In the context of this study, respondents state then they asked about which bank is most preferred, Capitec was frequently suggested and acclaimed for its efficiency and simplicity. These conversations further drove these respondents to open a Global One account with Capitec. As a result of their positive experiences thus far, these respondents have also become advocates for the brand.

Respondents who use Capitec as a secondary account (earning above the R6 669 per month income threshold for LSM 6), also mentioned that the simplicity and convenience of the brands services, particularly when sending and receiving money, influenced their decision to open a secondary account with Capitec. In addition, the immediacy of Capitec's transactions, particularly when sending money to accounts held with different banks, was highlighted as a key differentiator. As explained by the respondents – immediate payments between the different incumbent banks, are not quite immediate and the funds usually clear within 1 – 24hours of being sent. However, with Capitec, immediate payments made by one party, are received instantaneously. Considering the nature of the occupations within the sample (hairdressers, barbers, and informal vendors) and how frequently they need to receive payments from clients or make payments themselves, the appeal of such efficiencies as a key consideration for this audience, is justified.

Lastly, the popularity of the Capitec Global One account has consequently led to the brand being preferential in this segment. It is worth noting that respondents that have a Capitec account as a secondary account, stated that one of the reason's they chose to open a Capitec account was due to the increasing number of Capitec account holders (clients, family and friends) in their business and social eco-systems. The realisation that they would be able to receive money more efficiently if they too had a Capitec account, was a key driver in their decision-making process. This factor has undoubtedly contributed positively to the brands equity, which is also visible in Capitec's share price gains, which far outpace the competing banks. Capitec also carries the highest price over earnings ratio as highlighted in Figure 1 below, further testament to its strong brand equity (BusinessTech, 2022).

Figure 1: Brand equity indicators

Bank	Market Cap	Share price	P/E Ratio
FirstRand (FNB)	**R230.0 billion**	R41.89	8.06
Standard Bank	R185.7 billion	R119.14	8.12
Capitec	R111.2 billion	**R986.78**	17.72
Absa Bank	R89.3 billion	R92.92	9.93
Nedbank	R50.6 billion	R104.44	**6.27**

[Source: BusinessTech, 2020].

Another interesting inclination that emerged in the data analysis is that those who held a secondary Capitec account also display a level of mistrust for the bank's ability to keep large sums of money secure - stating that they only use the account to hold small amounts of money for daily transactions. While larger amounts of money and savings are kept in their primary accounts. This mistrust and the concern over the bank's safety standards is based on the supposed increase in targeted attacks by scammers and criminals on Capitec account holders. It appears that for these respondents, the brands popularity is a double-edged sword, and has made its clients prime targets for criminal activity. Those who hold a primary Capitec account, however, are not of the same view and appear assured that their money, regardless of the amount, is safe.

Generally, the perceptions around the Capitec brand are positive. Brand salience is deeply rooted, and resonance is high. All the respondents described the brand as being very inclusive (accommodating of all people regardless of their economic status), highly approachable, very affordable, easy to understand, efficient, convenient and a great instrument for day-to-day transactions.

6.2 FNB eWallet

FNB introduced its eWallet offering as a mobile transaction alternative for consumers without bank accounts, needing to receive money. This innovation opened the banking sector to a larger number of lower LSM consumers who had previously been marginalised because they could not provide the formal administrative requirements to open a bank account, such as proof of a steady income and proof of address and high banking fees, by the more traditional banks. FNB's eWallet allows its account holders to send money directly to any South African mobile number. Once the money has been sent it is placed into an "electronic wallet" until the recipient withdraws the funds. Although this service is no longer unique to FNB, with all four of the remaining large banks providing similar services to their clients, the findings of this study reveal that it is the eWallet user experience is what sets FNB apart.

From the research sample, the respondents who frequently use FNB eWallet to receive money mentioned that they do not have a bank account and were first introduced to the service by a client/customer or a family member who wanted to pay or send them money from a different location or the absence of cash. These respondents have also since used some of the other banks' mobile transaction services but have grown to prefer FNB eWallet.

The first reason revealed during the in-depth interviews, is that FNB eWallet is comparatively easy to use, from receipt to the withdrawal of funds, the different steps in the process are easy to comprehend and follow. As entrepreneurs and casual workers, most of these respondents receive their income (client payments) from several different sources every day and while their first preference is to deal in cash, a transfer to their mobile account is the next best option because it is immediate.

The respondents also explained that the bank through which they receive money depends largely on their customers and this is how they have been exposed to the different electronic wallet services offered by Absa, Capitec, FNB, Nedbank and Standard Bank. Some of the respondents expressed that they have used Standard Bank and Nedbank's mobile services but find that the instructions are too complicated and following the withdrawal process was not as easy. When the respondents asked colleagues and others about how to use these services, the responses are often vague, further complicating the withdrawal process and making the overall experience unpleasant. As suggested by the characteristics of this population sample, literacy levels are generally low to moderate, and this means that consumers often source information from people around them, who can simplify information or explain in their preferred language. Simple and succinct communication appears to be most effective method when communicating with this audience.

Respondents further mentioned that, in their experience, once money is sent through Standard Bank and Nedbank's digital services, the transaction can later be reversed if the money has not yet been withdrawn. This results in a loss of income further frustrated by the inability to retrace the client that had paid into their electronic wallet (these respondents often deal with different clients, daily) - to request that they resend the funds. With FNB eWallet however, once a payment is made, it cannot be reversed, making it a more secure option for recipients.

Secondly, the data collected further revealed that another feature that makes FNB eWallet preferable is that it works similarly to a bank account by allowing the recipient to accumulate money from different sources and make a single withdrawal of the lumpsum. Whereas banks such as Capitec and Standard Bank, require that each transaction be completed separately, with a unique code. That is to say, if a recipient were to receive payments from five different clients, into the Standard Bank electronic wallet, the would need to complete five separate withdrawals to retrieve their money, which makes the entire process rather arduous for the recipient.

The perceptions around FNB were notably positive across all respondents. The bank is considered to be a premium brand that mainly targets upper middle income to high net worth individuals and large businesses, however, it remains approachable and welcoming to middle LSM individuals, making it highly aspirational to FNB eWallet users and Capitec account holders – including one of the respondents who had a primary Absa account and a secondary Capitec account but stated that ultimately, the goal was to one day own an FNB Private Clients account – emphasising the perceived value and status attached to the brand.

A few respondents stated that they would first consider FNB when they decide to open a bank account because their experience with the brand thus far, though limited, has been good and has made a good impression. Moreover, one of the respondents mentioned that this intention would not change if they found that FNB's fees were slightly higher than those of the other banks because they valued FNB's simplicity and convenience. The reviews shared by existing FNB clients, also weighed positively on this respondents' intentions. This affirms the assertion made by Seth & Park's (1974) theory that consumers can develop loyalty to brands based on their consumption experiences as opposed to buying experiences. In general, Brand loyalty towards Capitec and FNB is influenced by brand trust, brand image, perceived value, brand reputation, and brand experience

6.3 Perceptions

Premium, simplicity and convenience where words repeatedly used to describe FNB and what sets it apart in the market. Capitec is referred to as "the bank for all", recognised for being highly inclusive and efficient. The brand's popularity is justified to the respondents because it introduced some of them and others like them, to the formal banking sector through its simplified model and user experience.

The general perceptions around Absa, Nedbank and Standard Bank are very similar among the respondents. Absa and Standard Bank draw neutral sentiments and are described as being accessible and approachable but not unique or distinguished in any way. However, these two banks were assumed to be the oldest banks in the market and there was a sense of appreciation for their widespread physical presence in the form of branches and ATM's, even in some rural areas. One of the older respondents who had migrated from their rural home to Gauteng for economic prospects, mentioned that they initially opened a Standard bank account because for a while, it was the only bank with an ATM near their homestead. The respondent then opened a Capitec account when they realised that it was a lot easier to receive money from their customers in Gauteng due to Capitec's popularity. Another respondent, a foreign national, showed an appreciation for Standard Bank's international presence in Africa because it meant that if they were to open an account with Standard Bank, it would be easier for them send money to their family in Mozambique.

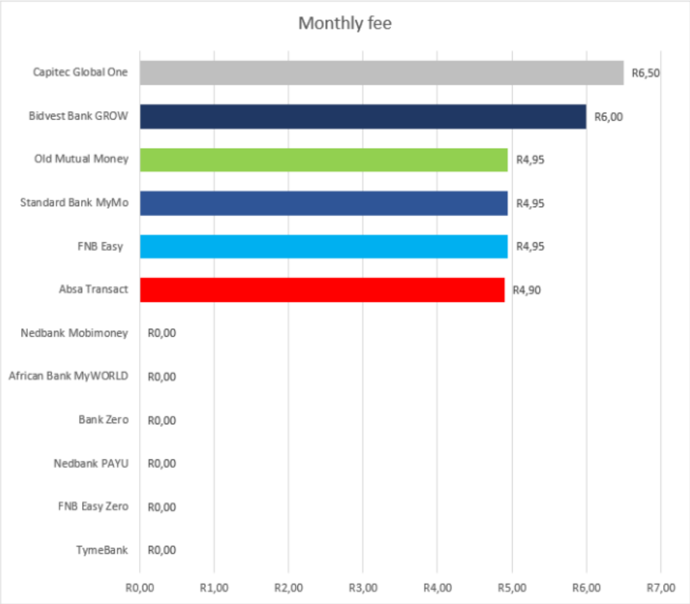
Nedbank on the other hand, is broadly perceived to be a brand that only targets high net worth individuals and is assumed to charge significantly higher account fees but not much else is known about the brand because its communication, presence and engagement in their everyday environment, is limited.

As a result of their earlier innovations, Capitec and FNB continue to reap the benefits of this growth in the lower to middle LSM segment (BusinessTech, 2022). While digital banking and card payments are increasingly becoming the norm in South Africa, for much of the population – especially those in the entry-level banking segment – cash is still king (BusinessTech, 2022) and the easier a bank makes cash accessible for this market segment, the more likely it is to attain and keep a loyal client base.

The findings of this study reveal that for Capitec, it was its first mover advantage in the low fee entry level account segment, its simplicity and its wide acceptance that have built continued loyalty toward the brand. Capitec entered the market with a clear goal – to optimize its unique business model, to provide more inclusive banking services for the poorer South African population who had been previously marginalised by the incumbent banks in the sector. Capitec effectively used affordability and simplicity as key differentiators in the market from the onset.

The current reality, however, as shown in a recent article published by BusinessTech (2022), which looked at twelve retail bank entry-level accounts in South Africa and found that six of those accounts carried no monthly admin fees, is that albeit, the pioneer of the low-fee account segment, Capitec has now become the most expensive of the banks that charge monthly fees. While others have evolved their business models to accommodate a zero monthly fee structure for such accounts, as illustrated in the Figure 2 below.

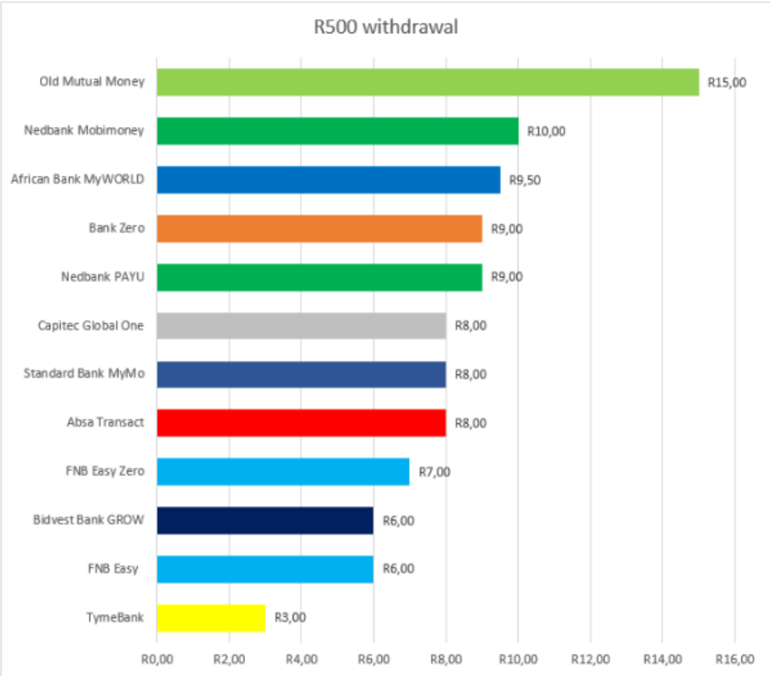
Figure 2: Bank account fee comparison



[Source: BusinessTech, 2022].

Figure 3 below, shows the various withdrawal fees charged by the different banks and Capitec's fees appear to be on par with Absa and Standard Bank's fees but higher than FNB. While Capitec's depositing fees, as shown in Figure 3, are on par with Nedbank but higher than FNB and Standard Bank.

Figure 3: Bank withdrawal fee comparison



[Source: BusinessTech, 2022].

It appears from Figures 1 - 3 that comparatively, among five largest banks - Absa, Capitec, FNB, Nedbank and Standard Bank - FNB Easy Zero is the most affordable entry level account option for price conscious consumers, primarily banking for utility, and not Capitec's Global One account as presumed by most of the participants of this study. Seeing that FNB already has a strong presence in the LSM 10-6 segment, it would be relatively easy for the brand to refocus efforts towards aggressively marketing and positioning its Easy Zero account as a strong competitor to Capitec's Global One account. This would not only aid FNB customer retention but further attract a larger base of price sensitive consumers.

7 CONCLUSION

The loyalty toward Capitec, displayed by the respondents, particularly those that hold a Capitec Global One account, appears to be behavioural as explained by Aaker (1991).

Figure 4: Aaker (1991) Brand Loyalty Pyramid

[Source: Aaker, 1991].

The draw card for Capitec as it entered the market was its offering of the lowest fee entry level account in the market, creating an entry point for previously “unbankable” consumers, in the formal banking sector. These consumers would likely held no loyalty to a banking brand prior to Capitec, placing them at the bottom of Aaker’s pyramid.

The affordability of the Global One account also encouraged banked consumers to switch from their more expensive banks or take up a secondary account with Capitec. Capitec has since managed to maintain good client satisfaction levels, giving their clients no reason to switch – as suggested in the second and third layers of Aaker’s pyramid - and instead, giving clients a reason to become advocates for the brand and aid the bank in increasing its market share. Lastly, the frequent use of Capitec’s Global One account by the primary and secondary account holders that participated in this study categorises these respondents as committed buyers and affirms the relevance of this theory to this research study.

With regards to the type of brand loyalty displayed by the participants of this study, towards FNB eWallet, there appears to be positive emotional resonance due to the brand's services being valued over others in the market. Value in this instance is attributed to the simplicity, efficiency and convenience of FNB eWallet in comparison to similar offerings offered by the other banks. It is worth noting that even the respondents who had multiple accounts preferred to receive money through FNB eWallet as an alternative if the money could not be transferred into their bank account. This preference is based on the same reasons as FNB eWallet primary users.

In addition, respondents who use FNB eWallet frequently as a way of receiving money because they do not have a bank account, express a clear intention to first consider FNB when they eventually did open an account because their experience thus far has been positive, and they have furthermore heard good reviews about the bank from its current clients. The relevance of Seth & Park (1974)'s theory of attitudinal brand loyalty is thus, further affirmed by the findings of this study. The brand loyalty demonstrated by the respondents of this study echo the sentiments that satisfied customers are less likely to switch brands even if prices are increased. In the context of banking services, consumers who are already loyal to a particular brand, are more likely open a secondary account with another bank with differentiated offerings, if there are compelling reasons to do so.

Bain & Co. (2022) suggest that retail banks and financial technology institutions are better off focusing their research and development (R&D) and marketing and customer retention efforts towards high-value consumers as opposed to all clients because the high-value consumer segment is more profitable. This is however how the incumbent banks traditionally operated, and research shows that this approach led to the financial exclusion or neglect of the lower-to-middle LSM segment. The evolution of retail banking gave to brands such as Capitec and FNB, an opportunity to break away from the sector norms and differentiate themselves with a more compelling value proposition (Nhundu, 2017).

Capitec and FNB have evidently managed to strategically adapt to the dynamics and evolution of consumer needs. These brands have been committed and purposeful in their efforts to innovate for the lower-to-middle LSM segment, to be more inclusive while remaining profitable. Despite not having the same buying power as the upper LSM consumers, the LSM 1-6 segment forms the majority of the South African population, and it is therefore imperative that these consumers be financially included in the formal banking sector, for the sector and the country's economic growth (Financial Sector Conduct Authority, 2020).

7.1 Recommendations

The findings of this study have highlighted that for a banking brand to grow successfully and sustainably, in the LSM 1-6 consumer segment there are a few factors to consider. Firstly, the bank's business model may need to be revised to optimally cater to the audiences' unique needs. It is also recommended, based on the findings of this study, that to effectively compete with Capitec and FNB in this segment, a continued investment into simplifying banking, more inclusive products and consumer centric development of products, that increases utility to the consumer.

Consider that the customer journey needs to be simple and seamless to encourage repeat purchases and loyalty, over time. Secondly, clear, consistent and frequent communication of the value proposition and product relevance, in the context of the consumers needs and expectations. Lastly, it is imperative that the brand promise being communicated matches the product or service experience. This alignment is what has built salience, credibility and advocacy for Capitec and FNB. Any segment of the consumer market can be profitable if they are presented with a product and value proposition that will improve their lives.

Lastly, for researchers looking to build on this topic in future, it would be worthwhile expanding the population sample to include consumers in rural, peri-urban and urban areas. This would enrich the data collection and insights drawn from the study. Furthermore, a more thorough investigation into the other financial solutions that are utilised by the lower to middle LSM segment. The aim is to gain a better understanding of fintech innovations (such as Vodacom M-pesa and Mukuru) that may have been overlooked by the formal banking sector, and have the potential to increase brand equity, market share and revenue. Consumer focus groups may also be considered as an alternative to in-depth interviews as these have the potential to encourage a more dynamic conversation around the topic and create a more stimulating environment for the respondents.

7.1.1 Validity and reliability

The reliability of this study is moderate because this was a cross sectional study conducted at a particular point in time and the respondents' answers could change at a later stage – (Business Research Methodology, 2022). The change in the results, even if the same data collection tool is used with the same respondents, could be due a wide range of influencing factors such as a change in perspective, a change in the respondents' need states or the change in their environmental factors or social context, over a period of time (Business Research Methodology, 2022).

In the data collection and analysis phases of this study all necessary ethical clearance standards were adhered to and the limitations of the study clearly stated. All respondents participating in the study issued their consent beforehand and the interviews have been recorded and transcribed to ensure that there is full transparency in terms of the data collected and the insights shared by the respondents. Furthermore, the respondents participating in this study were chosen at random, and are not acquainted with to the researcher, beyond this study, to limit bias in the data collection and analysis.

7.2 Contribution, Ethical considerations and Limitations

Qualitative data can be used to shed light on specific customer experience problems or gaps in the retail banking sector and inspire new ideas or opportunities to be explored in greater detail (Jovancic, 2021). The outcomes of this study aim to build on existing insights about the LSM 1-6 consumer segment – their opinions, perceptions, and transactional behaviour as it pertains to retail banking. Understanding the environment that this consumer segment functions in and what appeals to them about Capitec and FNB's offerings will enable marketers and corporate decision makers to develop more impactful marketing strategies that are centred around this target segment's needs and motivations.

The outcomes of this study further aim aid retail banks to identify possible limitations in their offerings and ways that their products and services can be improved to appeal to this consumer segment, drive uptake, brand loyalty and formulate predictions for consumer behaivour in the long run.

7.2.1 Ethical Considerations

- Informed consent - respondents were informed upfront about the purpose of this study and how their data will be used before agreeing to participate or not.
- All respondents explicitly and voluntarily consented to being part of the study. Respondents were asked to sign a consent form prior to participating in the study.
- Voluntary participation - all respondents will be advised that they are free to opt out of the study at any point in time.
- Most of the interviews were conducted in South African vernacular to accommodate the respondents and allow for them to fully and comfortably express themselves. This furthermore encouraged the respondents to wholly engage in the survey and ask questions for clarity where needed – ultimately enriching the insights attained in the data collection.
- Anonymity - To protect the respondents right to privacy and maintain anonymity, the respondents were not required to share their identification documents, address, photos and contact details for the interview.
- Confidentiality – the respondent's information has been kept confidential, and their anonymity will ensure that they cannot be identified by anyone outside of the study.
- Research results – the in-depth interviews were recorded (with permission from the respondents) and transcribed. The research results have been reflected accurately as per the data collected.
- All actual and potential conflicts of interest in the data collection have been shared with the research study supervisor.

7.2.2 Limitations

- During the data collection phase of this study the sample was limited to the Olievenhoutbosch township due to ease of access and for the researcher's convenience.
- The success of this study was subject to the willingness of consumers to participate in the study. Some potential respondents were hesitant to share details about their monthly income bracket which created a barrier to their participation in the study.

- Due to this being a cross-sectional study, the respondents' responses may change over time as a result of changes in there financial circumstances and environmental influences.
- As a researcher’s unconscious bias may have affect the data collection and analysis process.

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Annexure A

1. Are you a South African Citizen?

Yes		No	

2. Please state your gender.

Female		Male	

3. Where do you currently live (area)?

____

4. What do you do for a living?

____

5. Do you earn between R1363 and R6 669 per month?

Yes		No	

6. How do you typically receive and send money?

____

____

____

7. Which, if any, of the banks below do you have an account with?

Absa	
Capitec	
FNB	
Nedbank	

Standard Bank	
Other	
I do not have a bank account	

8. What type of account do you have with bank(s) chosen above?

____

____

____

9. How did you go about choosing your bank(s)?

____

____

____

____

10. Did you consider any other bank before choosing your current bank?

____

____

____

11b. If so, what discouraged you from choosing the other banks?

____

____

____

____

____

11c. What encouraged you to open an account with your current bank?

11. Are you satisfied with the level of service you receive from your current bank? Please elaborate on the reasons for your satisfaction/dissatisfaction.

12. If you do not have a bank account, which of these banks will you consider when you do decide to open a bank account?

Absa	
Capitec	
FNB	
Nedbank	
Standard Bank	
Other	
I do not have a bank account	

13b. Please provide your reasons for the bank selected.

13. Which of the following mobile transaction tools have you used?

Absa **Cash Send**	
Capitec **eWallet**	
FNB **eWallet**	

Nedbank **Send Iimali**	
Standard Bank **Instant Money**	

14. Which banks service do you prefer sending and receiving money through? Please provide a reason for your answer.

____

____

____

____

____

15. What are the first words that come to mind when you hear of the following banks?

Absa	
Capitec	
FNB	
Nedbank	
Standard Bank	