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THE IMPACT OF CLIENT CENTRICITY STRATEGY ON THE RETENTION OF CLIENTS IN SELECTED COMMERCIAL BANKS IN MAKATI AREA

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Abstract:

Client-centricity strategy is an approach that theorizes that serving clients' needs leads to their retention. In the advent of the current pandemic, banks must also leverage their approach to the current situation to retain clients. This study aims to provide information to financial institutions, particularly the banking sector that nowadays is going through a diverse change in strategic approach. The study investigated the impact of client-centricity strategy on the retention of clients in selected commercial banks in Makati area through the perception of bank employees. Using the quantitative approach and descriptive design, this study determined the impact of client-centricity through its four pillars (targeting, metric, value proposition, and cross-departmental collaboration) on retention. Analysis was done on employees of five commercial banks (based on the April 2022 BSP Directory of Universal and Commercial Banks) through stratified random sampling to determine client-centric usage. A total of 153 officers answered the strategy questionnaire and 163 staff answered for the level of retention. By Pearson correlation, multi-comparison, and Bootstrap corrected and accelerated (Bca) regression analyses, the pillars of client-centricity strategy influence on client retention were statistically significant at 5% level; with metrics as the highest impact among others when utilized as bank indicators for client retention. The five commercial banks in Makati believed and agreed that the utility of these strategies leads to more clients retained. Satisfied clients are retained because they are carefully targeted, have successful relationships with the bank (metric), interact with customers (value proposition), and trust that cross-departmental collaboration flow within the firm.

Keywords:

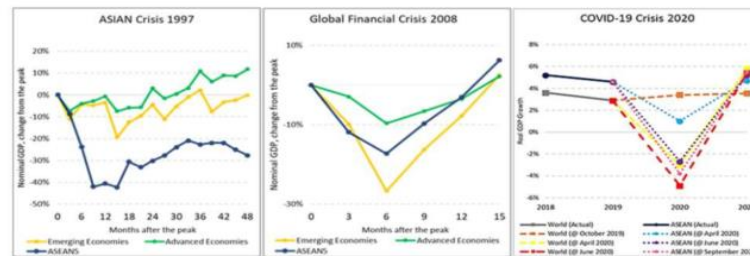
Client-Centricity, Client Retention, Commercial Bank, Pandemic

Background of The Study

Banks play a fundamental role in society by acting as an intermediary providing a wide range of financing and wide range of solution for all types of customers. Banks influence economic activities by contributing to trading, exporting and importing of goods as well as services which greatly effect economic inflation and deflation. The banking sector is one of the highly competitive divisions in the economy and the least to close down during crisis or pandemic. However, challenges for the retention of clients are likewise crucial during these times. In order to meet the demands of a fast-changing economy and the current worldwide economic situation due to pandemic, banks must also leverage their approach to current situation to retain clients. That is where client-centricity will be an interesting inquiry for determining the efficiency for client retention.

The Philippine banking system sustained its solid footing amid the pandemic. To ensure continuous support to banking operations, BSP relief measures remained in place. (BSPs' Recent Trends in the Philippine Financial System, 2022). Such measures include extension of financial relief to borrowers and Incentives lending along with others. According to a study made by Dadzie (2017), there are three strategies that a bank used for customer satisfaction and retention; namely, customer-centricity, customer relation management (CRM), and service quality standards. In a study made by Mickelsson (2013), several companies claimed that they are client-centric, however, some still use different initiatives in their business strategy. This paper will focus on customer-centric strategy as a primary strategy for the retention of clients in selected commercial banks in the Makati area. According to the BSP 2020 factbook, the Philippine banking system is classified into three major types: Universal and commercial banks, thrift banks, and rural and cooperative banks. The number of commercial banks in the Philippines is smaller in numbers compared to other types of banks yet commercial banks are more influential in the banking industry for the reason that they contribute significantly to Philippine Gross Domestic Product (GDP) by the services offered mainly in deposits and loans which make this significant for this study. Commercial banks are financial institutions catering deposits and investment banking from the general public (Stowell, 2018). It is mainly focused on accepting deposits and lending loans to the public. This was supported by the article published by Singh (2015), the features of commercial banks include borrowing and lending. Such a bank accepts deposits and lends to other clients to earn profits or interest. Given the current situation where most clients need accurate and effective banking means, online platforms are the most in-demand, preferred, and utilized by most clients, be they individual or corporate clients. However, some clients are incapable of using online platforms and prefer to utilize other options. Thus, addressing the demands of these clients as well as online platform options to satisfy clients' needs during the pandemic is essential for banks to retain them. Therefore, banks should think of ways how their existing client will be retained and be satisfied, that is, where the client-centricity strategy crosses the threshold. There are four pillars associated with client-centricity based on the study made by Ching'andu, (2016) which include the following: targeting, value proposition development, metric and cross-departmental collaboration. These pillars contribute as attributes of client-centricity. In an aim to address the existing gaps in client centricity, this study seeks to investigate the impact of client-centricity

strategy on the retention of the client in selected commercial banks in Makati area and will focus on the top five commercial banks based on their assets as of December 2021.



Source: Calculated by ASEAN Secretariat using quarterly data from International Monetary Funds, International Financial Statistics, World Economic Outlook, Asian Development Bank, Asian Development Outlook

Figure 1: Path Of The Economic Recovery

Source: Calculated By ASEAN Secretariat Using Quarterly Data From International Monetary Funds, International Financial Statistics, World Economic Outlook, Asian Development Bank, Asian Development Outlook

The impact of the pandemic escalated globally which in turn led to significant production disruption and resulted in forced business closure and disruption to trade and business globally. Following the shutdown of many businesses in the Philippines during the surge of the pandemic, financial institutions (FI) are not excepted. The result from a survey made by International Finance Corporation (2020) states that loan disbursements on October to November of 2020 of FIs in Southeast Asia decelerated due to the crisis which is the lowest level recorded. Commercial banks as the focus of this study functions mainly by accepting deposits and lending loans to the public. Subsequent closure of most businesses in the Philippines, it is crucial for commercial banks to know how these clients will stay in the bank.

The main beneficiary of this study is the financial sector, particularly commercial banks. However, this is also interconnected to the following: First, to academe, through the study of client-centricity, universities will be able to identify the need of students, faculty members and its staff through outside-in thinking from students and the community to the universities to better address the enduring academic challenges; Second, the Banking Sector, the main beneficiary of this study, the financial industry, mainly the banking sector, is the least business to shut down during a pandemic. However, it is also crucial for banks to seek strategies that will direct them to their goals. Thus, this study may benefit the banking sector in the Philippine setting. The result of this study may give insights on the influence of the strategy on client retention when utilized as banks' strategy as a competitive advantage to retain their clients; Third, to clients, since the focus of client-centricity is the needs and wants of clients, the result of the study will give client good business to customer (B2C) relationship. Clients are the best asset of commercial banks as they deposit money which the bank lend to the public. Through client-centricity, client can affirm that the bank and its employees are well-trained and competent to do the business; Lastly, to commerce, agility crosses the line when n-COV 2019 struck the world with challenges. During the pandemic, the highly in-demand source of information is the internet. Sellers and dealers post goods and products through social media, the same way consumers search for the goods and other products through the same channel. The quality of the product was based on the comments, reviews, and rates. This study will help

retail companies to address the challenges brought by the pandemic and how client-centricity strategy may help fast track the needs of client through their common window.

Literature Review

Philippine Banking System (PBS)

The Bangko Sentral ng Pilipinas (BSP) is the central bank of the Republic of the Philippines. Based on the Banking Sector Outlook Survey (BSOS), the Philippine banking system operational performance remains stable amid global and domestic growth slowdown brought by the pandemic. However, ongoing restriction force banks to level up their operational services while maintaining proactive control measures. According to the BSP 2020 factbook, the Philippine banking system is classified into three major types: Universal and commercial banks, thrift banks, and rural and cooperative banks. Universal and Commercial banks are classified by nature of operations and by ownership respectively. Thrift Bank is composed of savings and mortgage banks, stock savings and loan association, and private development bank which offer services such as grant loans whether secured or unsecured, issued domestic letter of credits and other services provided by the law. Lastly, Rural and Cooperative Banks performs loan services and advancement to meet the need of the farmers and primarily provide financial services to cooperative and their members (BSP User Guide,2018). These banks in general follow the international framework provided by principles implemented by The Association of Southeast Asian Nations (ASEAN) banking system. In the advent of pandemic, ASEAN agreed to create a framework for recovery and action, thus the ASEAN Comprehensive Recovery Framework (ACRF) serves as a strategy to combat recovery from COVID-19 Pandemic. These banks follow different approach towards client retention on pre and during pandemic.

The Concept of Client Centricity

Client-centricity, also called customer-oriented, customer-facing, and customer-focused is defined by Coetzee (2014) as an approach or strategy that deals with clients' needs in every way. Lamberti (2013) adds that client centricity strategy centers its attention and planning to clients' needs, wants, and satisfaction. Hence, this strategy is designed to address the agile change of the customers and the banking sector. Hemel and Rademaker (2016) claim that more private companies are using client-centricity to drive their business. However, from the list released by Forbes (2019), only few Philippine commercial banks are using client-centricity strategy as primary approach to their business. Dunwoody (2013) also suggests that on a daily basis, organizations still focus on internal goals rather than customer needs even if they claim that they are client-centric cultured. Being a client-centric culture means the presence of determinants such as the pillars associated to this strategy. The following sub-sections will discuss the pillars associated with client centricity.

Pillars of Client-Centricity

Targeting

Ching'andu (2016) relates targeting practice to client-centricity as banks must focus on mass market level or segment level to be able to attain client-centricity strategy. Targeting practices, and target mass market of the organization are needed to retain client

Value Proposition Development

Developing value proposition is attained through customer research, interactions and gathering feedback. This may arise in surveys and interviews after each service.

Metric

Banks use customer-based metric to measure success. Measurements include churn, services, and acquisition costs and lifetime revenue. (Bonacchi & Perego, 2011 in Ching'andu, 2016). This metric was used to ensure that the bank or company are aligned with their target goal and give value to their customers.

Cross Departmental Collaboration

Client-centric culture ensures that all information and decisions flow accordingly in all departments across the organization. According to Ching'andu (2016), all departments within the organization can add value to the products and services offered by the firm. These pillars will be a great contributor to this study to determine the impact of client-centricity in selected commercial banks in the Philippines. Ching'andu (2016) emphasized that these pillars were identified to measure client centricity from bank perspective. To support the investigation on the influence of client centricity strategy to the retention of client, these pillars of client-centricity will serve as determinants.

Theoretical Framework

This paper is anchored on the theories of "outside-in and inside-out" thinking by Hemel and Rademakers (2016). This is supported by the theory of organizational contingency (Chang'andu, 2016), Social Exchange Theory by Ojesina, (2020), and creative destruction theory by Archibugi et al. (2013). The following sub-section of the study will discuss the theories related to the study as well as the relationship of variable to one another.

Outside-In And Inside-Out Theory

This theory is used for a customer-centric organization in its starting point when developing new products and services (i.e., value propositions) or improving existing ones in the wants, needs, and priorities of (groups of) clients. Hence, the outside-in train of thought starts consistently at the customer and flows back to the organization; this is in contrast to a product-centric 'inside-out thinking' where organizations develop products or services, push them out to the customer, and only then figure out whether the customer likes them. Client perception is the mainstream of this study; therefore, this theory will significantly contribute to the study since the essential awareness of client-centricity strategy will come from the outside of the organization, which is the clients. To be a client-centric culture, an organization must think outside-in and promptly adapt to the ideas from the outside of the organization to better understand the client's need. In that way, the banking sector must experience being a client to identify what the client wants and needs to satisfy and retain them in the bank. Thus, the outside-in thinking maybe applied to determine the relationship of client-centricity and retention.

Organizational Contingency Theory

Ching'andu (2016) discussed the organizational contingency theory as the optimal strategy of an organization. It is not fixed but dependent on internal and external context. Cited in the same study in Bharadwaj and Dong (2014), they argued that the ability to learn and sense changes

about customers and the market has become critical in the current age of temporal advantage. To measure success and prevalence of churn, metric is used as one of the pillars of client-centricity. Hence, from this perspective, by adopting this theory in using client-centricity strategy, it enables organization to learn from different situation. Gives them an ability to develop multi-tasking skills in multiple areas.

Social Exchange Theory

The Social Exchange Theory (SET) proposes that social behavior is the result of an exchange process aimed at maximizing benefits and minimizing costs (Ojesina, 2020). The importance of this theory in strategy is to help analyze transactions impact on costs and rewards. The study will employ the social exchange theory to determine the relationship in creating value proposition to the retention of banks client.

Research Objectives and Hypothesis

This study intends to investigate the impact of client-centricity strategy to the retention of bank clients. Specific objectives are as follows:

1. To evaluate the level of client-centricity and client-retention.
2. To Identify which among the top five commercial bank have the highest usage of client-centricity.
3. To determine the relationship of client-centricity strategy to client retention.
4. To determine the influence of client-centricity strategy to client retention

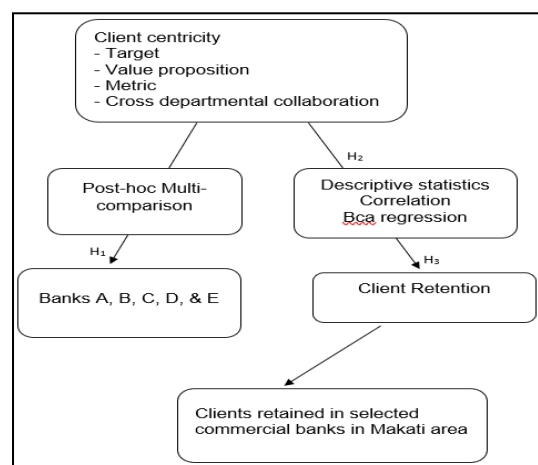


Figure 2 Conceptual Framework

Source: Author's Own

The Research Methods

Research Design, Subjects and Study Site

Saunders et al. (2012, as cited in Kagendo, 2015) described research design as a framework for collecting and analyzing data. It covers the type of research method and data to examine the hypothesis and achieve the study's objectives (Birion et al., 2018). Descriptive design is a type of research design that collates collective data to help accurately and systematically determine the characteristics or phenomenon of collective data (Momanyi, 2012). This study aims to determine the impact of client-centricity strategy on the retention of clients in selected

commercial banks in the Makati area through its four pillars. The researcher used survey questionnaires (online and paper questionnaires) with the respondents. Hence, the descriptive design helped the researcher gather data and identify the trends of commercial banks by using a client-centric approach. The population used in this study were commercial bank employees. According to the data from the 2016 Philippine Statistic Authority (PSA) a total of 443,617 employees were hired in this sector. From this data, the researcher used Raosoft online calculator to determine the sample size, were a total of 384 employees must be surveyed. The researcher was aware of the data privacy and secrecy law. Hence, employees from rank-and-file to the executive level were used as respondents for this study. The respondents were divided into two categories wherein the researcher measured the level of retention through the perception of the rank-and-file perspective as clients since these employees are also banks' clients. Client-centricity strategy was measured through officers' perspective from supervisor to executive level since they are implementing the strategy. The researcher recruited employees from the top five commercial banks based on the number of assets as of December 2021. Convenient sampling was further explored since some banks in the top five did not participate. The recruitment process continued on the next rank until the target five commercial banks were fulfilled. The study site was in the central business district (CBD) Makati area where most of the headquarters and offices of these banks are located. As of April 2022, there are 45 Universal & commercial banks in the country roster of BSP, 25 are located in Makati. From this data, the researcher asked permission from the BSP list contact person per bank to conduct a study to secure desired number of participants. Stratified sampling was then utilized to five commercial banks that agreed to participate to determine the required number of participants per bank.

Research Instruments, Pilot Testing & Gathering Procedure

Online survey questionnaires (google form) and paper questionnaires were used to gather data from the respondents. The questions used in the pilot testing were developed from Ching'andu (2016). 24 participants from commercial banks were surveyed to validate the two sets of questionnaires. A Cronbach alpha was used to measure the reliability of the questionnaires. The questionnaires were divided into two categories. The first category was for the strategy questionnaire which bank officers (supervisors to executive level) answered. The second category was answered by rank-and-file to measure the perception of bank employees as bank's client. Each questionnaire was divided into two parts: the first part was the demographics (name, age, marital status, gender, educational level, and tenure) of the respondents and the second part was the strategy questionnaire and perception of rank-and-file as banks' client. This helped the researcher gather clearer data and explanations on some concerns in this study. Since the national capital region (NCR) were placed under alert level one at the time of the survey, data gathering procedure was feasible. Upon the approval of the Technical Review Board and Ethics Committee, the researcher asked permission via email to conduct a study from BSP's list of contact person and heads of the participating banks prior the survey. Then questionnaires were distributed to participants and collected after a week. Some banks were strict with protocol and health measures during the pandemic hence a total of 316 participants (163 rank-and-file & 153 officers) out of 384 (required per Raosoft) were surveyed.

Data Analysis

Analysis was done on employees of five commercial banks. The descriptive statistics was used to show the level of perception on client retention and client-centricity strategy. Frequency count was also utilized to determine participants demographic profiles. If the B-parameters (representing factors or indicators of client-centricity strategy is not significant ($B = 0$) at 5%

level, then the study accepts the alternative hypothesis (H_a) that client-centricity strategy influenced client retention. Pearson correlation, multi-comparison, and Bootstrap corrected and accelerated (Bca) regression analyses was also utilized for multiple comparison.

Results and Discussions

The study was made to measure the impact of client-centricity strategy on retention of clients in selected commercial banks in Makati area using the pillars identified in the literature review: Targeting, Value Proposition, Metric, and Cross-Departmental Collaboration. This chapter presents a summary of the opinion of employees of five commercial banks in Makati area on client retention and client centricity. The opinion of employees was conducted in a two-stage analysis: first, the officers' perception of client-centricity and retention; second, the perception of rank-and-file (as clients) on reasons for client retention. The second stage supports the first stage to establish the retention of clients in a bank. Client-centric bank was evaluated through ANOVA multi-comparison, correlation, and bootstrap-corrected and accelerated regression (Bca).

First Stage: The Perception of Bank Officers on The Impact of Client-Centricity on Customer Retention.

The Profile and Perception of The Bank Officers on Client-Centricity

Bank Officers play an integral part in the performance of banks since they are the ones implementing the strategy. Based on the study by Ngui, (2014), demographic factors of the bank employees have a significant effect on the performance of commercial banks in Kenya. With the demographic factors, the performance of commercial banks in Kenya will change by 35.8.1% level. For instance, the longer an employee worked in the organization, the more they understand the organization and had an ability to articulate issues of the organization (Afande, 2013). Similar to this study, the varying demographics of the bank officers (work experience and rank) has a significant effect on decision-making and handling of strategy.

The Perceived Level of Client-Centricity and Client Retention

In this study, the pillars of client-centricity evaluated were target (products and services customized based on the needs and interests of clients), value proposition (reactive and proactive monitoring of customers), metric (a measure of success - valuing lifetime relationships and engagement with clients), and cross-departmental collaboration (collaboration in product development). Retention was the dependent variable pertaining to the customers that would not switch banks, assuming that the commercial banks are client-centric. The pillars were measured on a 4-point Likert scale (1 = strongly disagree, 2 = disagree, 3 = agree, and 4 = strongly agree).

<i>N = 153</i>	<i>Min</i>	<i>Max</i>	<i>Mean</i>	<i>Std. Dev.</i>	<i>V.I.*</i>
Target	1	4	3.15	± 0.72	agree
Value Proposition	1	4	3.11	± 0.70	agree
Metric	1	4	3.35	± 0.67	agree
Cross-Departmental Collaboration	1	4	3.37	± 0.68	agree
Retention	1	4	3.49	± 0.69	agree

Differences in The Usage of The Pillars

Target

Table 2: Bootstrap for Multiple Comparisons (Games-Howell)

Dependent Variable	(I) Bank	(J) Bank	Mean Difference (I-J)	Bca 95% Confidence Interval		
				Lower	Upper	0.05
Target	1 = Bank A	2 = Bank B	-0.045	-0.057	-0.033	Sig.
		3 = Bank C	0.031	0.021	0.042	Sig.
		4 = Bank D	-0.157	-0.158	-0.157	Sig.
		5 = Bank E	-0.016	-0.034	0.007	Insig.
		2 = Bank B	1 = Bank A	0.045	0.032	0.058
	2 = Bank B	3 = Bank C	0.076	0.054	0.098	Sig.
		4 = Bank D	-0.112	-0.125	-0.100	Sig.
		5 = Bank E	0.029	0.000	0.063	Sig.
		3 = Bank C	1 = Bank A	-0.031	-0.041	-0.021
	3 = Bank C	2 = Bank B	-0.076	-0.098	-0.054	Sig.
		4 = Bank D	-0.188	-0.198	-0.178	Sig.
		5 = Bank E	-0.047	-0.074	-0.016	Sig.
		4 = Bank D	1 = Bank A	0.157	0.157	0.158
	4 = Bank D	2 = Bank B	0.112	0.101	0.124	Sig.
		3 = Bank C	0.188	0.178	0.199	Sig.
		5 = Bank E	0.141	0.123	0.164	Sig.
		5 = Bank E	1 = Bank A	0.016	-0.007	0.034
	5 = Bank E	2 = Bank B	-0.029	-0.063	-0.001	Sig.
		3 = Bank C	0.047	0.018	0.073	Sig.
		4 = Bank D	-0.141	-0.164	-0.123	Sig.

The first pillar of client-centricity strategy is targeting. Bank B has the highest usage of target. They customized products and services based on the needs and interests of clients compared to other banks, while there was no significant difference in target usage between Bank A and E.

Value Proposition (Reactive And Proactive Monitoring Of Customers).

Table 3: Bootstrap For Multiple Comparisons (Games-Howell)

Dep Var	(I) Bank	(J) Bank	Mean Diff (I-J)	Bca 95% Confidence Interval		
				Lower	Upper	0.05
Valpro	1 = Banka	2 = Bank B	-0.121	-0.137	-0.104	Sig.
		3 = Bank C	-0.051	-0.066	-0.035	Sig.
		4 = Bank D	-0.141	-0.146	-0.136	Sig.
		5 = Bank E	-0.024	-0.052	0.011	Insig.
		2 = Bankb	1 = Bank A	0.121	0.104	0.137
	2 = Bankb	3 = Bank C	0.070	0.042	0.094	Sig.
		4 = Bank D	-0.020	-0.035	-0.007	Sig.

		5 = Bank E	0.097	0.062	0.139	Sig.
	3 = Bankc	1 = Bank A	0.051	0.035	0.065	Sig.
		2 = Bank B	-0.070	-0.094	-0.042	Sig.
		4 = Bank D	-0.090	-0.100	-0.077	Sig.
		5 = Bank E	0.028	-0.005	0.067	Insig.
	4 = Bankd	1 = Bank A	0.141	0.136	0.146	Sig.
		2 = Bank B	0.020	0.007	0.035	Sig.
		3 = Bank C	0.090	0.077	0.101	Sig.
		5 = Bank E	0.117	0.094	0.147	Sig.
	5 = Banke	1 = Bank A	0.024	-0.011	0.052	Insig.
		2 = Bank B	-0.097	-0.139	-0.062	Sig.
		3 = Bank C	-0.028	-0.065	0.004	Insig.
		4 = Bank D	-0.117	-0.147	-0.094	Sig.

In terms of Value proposition, there have been differences in the utility of the strategy across banks. Of the five participating banks, Bank E has the least usage of the strategy.

Metric (Valuing Lifetime Relationships And Engagement With Clients).

Table 4: Bootstrap for Multiple Comparisons (Games-Howell)

Dep Var	(I) Bank	(J) Bank	Mean Diff (I-J)	Bca 95% Confidence Interval		
Metric				Lower	Upper	0.05
	1 = Bank A	2 = Bank B	-0.070	-0.081	-0.059	Sig.
		3 = Bank C	-0.016	-0.026	-0.007	Sig.
		4 = Bank D	-0.071	-0.072	-0.069	Sig.
		5 = Bank E	0.086	0.060	0.118	Sig.
	2 = Bank B	1 = Bank A	0.070	0.058	0.083	Sig.
		3 = Bank C	0.054	0.034	0.074	Sig.
		4 = Bank D	-0.001	-0.012	0.010	Insig.
		5 = Bank E	0.156	0.123	0.194	Sig.
	3 = Bank C	1 = Bank A	0.016	0.007	0.025	Sig.
		2 = Bank B	-0.054	-0.073	-0.035	Sig.
		4 = Bank D	-0.055	-0.063	-0.047	Sig.
		5 = Bank E	0.102	0.071	0.139	Sig.
	4 = Bank D	1 = Bank A	0.071	0.069	0.072	Sig.
		2 = Bank B	0.001	-0.010	0.012	Insig.
		3 = Bank C	0.055	0.047	0.063	Sig.
		5 = Bank E	0.156	0.133	0.187	Sig.
	5 = Bank E	1 = Bank A	-0.086	-0.118	-0.060	Sig.
		2 = Bank B	-0.156	-0.195	-0.123	Sig.
		3 = Bank C	-0.102	-0.137	-0.073	Sig.
		4 = Bank D	-0.156	-0.187	-0.133	Sig.

In terms of Metric, Bank D and B have the highest usage of metrics to measure success than other banks. Bank E has the least usage of metric of success than Bank A, B, C, and D.

Cross-Departmental Collaboration

Table 5: Bootstrap for Multiple Comparisons (Games-Howell)

Dep Var	(I) Bank	(J) Bank	Mean Diff (I-J)	Bca 95% Confidence Interval		
				Lower	Upper	0.05
Collab	1 = Bank A	2 = Bank B	-0.119	-0.130	-0.107	Sig.
		3 = Bank C	-0.051	-0.060	-0.043	Sig.
		4 = Bank D	-0.105	-0.105	-0.105	Sig.
		5 = Bank E	-0.051	-0.077	-0.017	Sig.
		2 = Bank B	1 = Bank A	0.119	0.106	0.131
		3 = Bank C	0.068	0.046	0.088	Sig.
		4 = Bank D	0.014	0.002	0.025	Sig.
		5 = Bank E	0.068	0.031	0.112	Sig.
		3 = Bank C	1 = Bank A	0.051	0.043	0.059
		2 = Bank B	-0.068	-0.087	-0.048	Sig.
		4 = Bank D	-0.054	-0.062	-0.046	Sig.
		5 = Bank E	0.001	-0.033	0.041	Insig.
		4 = Bank D	1 = Bank A	0.105	0.105	0.105
		2 = Bank B	-0.014	-0.025	-0.002	Sig.
		3 = Bank C	0.054	0.046	0.062	Sig.
		5 = Bank E	0.055	0.028	0.089	Sig.
		5 = Bank E	1 = Bank A	0.051	0.017	0.077
		2 = Bank B	-0.068	-0.113	-0.031	Sig.
		3 = Bank C	-0.001	-0.039	0.031	Insig.
		4 = Bank D	-0.055	-0.089	-0.028	Sig.

In terms of cross-departmental collaboration, Bank B showed the highest usage of collaboration in product development than the rest of the banks.

The above results on multiple comparisons of the bank's usage of client-centricity showed that Bank D has the highest usage of the target (customized products and services based on the needs and interests of customers) and value proposition (reactive and proactive in monitoring customers). While Bank B has the highest usage of cross-departmental collaboration (collaboration across departments) Both Bank D and B excelled in using metrics (valuing lifetime relationships and engagement with clients). Therefore, Bank D was a more client-centric bank than the rest of the banks because of excellent usage of the target (customized products and services founded on the needs and interests of customers), value proposition (reactive and proactive in monitoring customers), and metrics (valuing lifetime relationships and engagement with clients). The level of significance in the Bootstrap multiple comparisons (Games-Howell) showed that the usage of these pillars was different in the five banks at 5% level. There were observed significant differences in the utility of four pillars across the five participating commercial banks. Based on the observation, the variability in usage was deeply rooted in the differences of focus, ranking (based on the number of assets), and classifications

(foreign or domestic) of the banks. Indeed, there is a great impact of practicing client-centricity strategy in client retention.

Relationship Of Client-Centricity Strategy To Customer Retention

Before doing the correlation analysis, the study determined the percent variance contribution of each client-centric variable through factor analysis. The factor analysis helps the researcher to determine if a single latent (unobserved) variable can represent the manifest (observed) variables (target, value proposition, metric of success, and cross-departmental collaboration). In the absence of *a priori* (beforehand) information, the study used exploratory factor analysis (EFA) to factor in the set of indicators. Under EFA, principal axis factoring was used as the extraction method for the purpose of modeling the structure of correlations among the variables and arriving at a parsimonious representation of the associations among measured variables (Hair et al, 2018).

Table 6: Factor Analysis

Variable	Eigenvalues	% of Variance	KMO Sampling Adequacy	Barlett's Test of Sphericity	Sig.
Target	3.333	66.661	0.822	431.38	0.001
Val Pro	4.037	67.276	0.837	620.19	0.001
Metric	4.198	69.974	0.836	676.67	0.001
Cross-Dept Coll.	4.289	71.479	0.884	674.48	0.001

The latent variables (factors) derived from the factor analysis were customized products and services based on needs and interests (target), reactive and proactive monitoring of customers (value proposition), valuing lifetime relationships and engagement with clients (metric), and collaboration in product development (cross-departmental collaboration). For coding purposes, the study retained the manifest variable label of target, value proposition (valpro), metric, and cross-departmental collaboration (collab).

Table 7: Correlation Of The Factored Variables

	N = 153	Retention
Target	Pearson Correlation	.596**
	Sig. (2-tailed)	0.001
Value Proposition	Pearson Correlation	.671**
	Sig. (2-tailed)	0.001
Metric	Pearson Correlation	.901**
	Sig. (2-tailed)	0.001
Cross-Departmental Collaboration	Pearson Correlation	.598**
	Sig. (2-tailed)	0.001

** Correlation is significant at the 0.01 level (2-tailed)

The correlation of client centricity to retention. Positive correlations were detected for all the variables (target = 0.596, value proposition = 0.671, metric = 0.901, and cross-departmental collaboration = 0.598) at 5% level. Target and cross-departmental collaboration have a

moderate magnitude of relationship with retention. The value proposition has a high moderate magnitude of relation to retention. Metric has a very high magnitude of relationship with retention. When these pillars were crossed analyzed for their effect on client retention the pillar of metric is highly related to increase retention. The remaining three pillars are moderately related to each other. Several studies claimed that client-centricity strategy have different factors that has relation to client retention. Similar to this study, results shows that pillra of client-centricity has a relation to client retention, metric as the highest influence in client-retention.

The Influence Of Client-Centricity Strategy On Client Retention.

Table 8. The Effects Of Client-Centricity On Client Retention.

	<i>Standardized Coeff.</i>		<i>Sig. (2-tailed)</i>	<i>BCa 95% Confidence Interval</i>	
	B	Beta		Lower	Upper
(Constant)	0.056		0.001	0.022	0.085
Target	0.054	0.052	0.001	0.037	0.067
Val Pro	-0.107	-0.106	0.001	-0.132	-0.088
Metric	0.992	0.921	0.001	0.971	1.019
Cross-dept	0.053	0.048	0.001	0.044	0.062
Bank	0.006	0.019	0.049	0.000	0.011

Table 8 shows the effects of client-centricity on client retention. The results showed that a hundred percent increase in the usage of target, metric, and cross-departmental collaboration increase client retention by 5.4%, 99.2%, and 5.3%, respectively. The positive effects implied that a commercial bank improved customer retention because of the target (products and services are customized based on the needs and interests of clients), metric (valuing lifetime relationships and engagement with clients), and cross-departmental collaboration (collaboration in product development). Thus, a bank that has the highest usage of client-centricity strategy (target, metric, and cross-departmental collaboration) retained customers. However, the negative sign of the value proposition ($B = -0.107$) suggested a decline in client retention. The declining effectiveness of the value proposition suggested the bank was not reactive and proactive in monitoring customers. The bank with the highest usage of client-centricity has 0.6% improvement in client retention. The standardized coefficient Beta can be used to compare the individual impact of client-centricity on client retention. The metric of success ($Beta = 0.921$) has the greatest impact on client retention than the other variables in the model. In order of impact, the value proposition ($Beta = 0.107$), target ($Beta = 0.054$), cross-departmental collaboration ($Beta = 0.053$), bank classes ($Beta = 0.019$) have the least impact to client retention. Results shows that when using metric, targeting, and cross-departmental collaboration, the higher the client retention is. Whereas banks with minimal usage of value proposition, chances of retaining customers are lower compared to those utilizing all of the four pillars. This was supported by the study of Meeme, J.G. & Bichanga, J (2021), that when commercial banks involve customer (value proposition), it leads to a significant improvement of financial performance of commercial banks, winning and retaining customers.

Second Stage: Perception Of Bank Staff On Customer Retention***The Profile of Bank Staff and Their Perception as Customer on Retention.***

Table 9 shows the descriptive statistics on the perceived indicators of client retention. Satisfaction refers to the overall satisfaction of staff with their bank, satisfaction with the product of the bank, and satisfaction with the bank services. Recommendation indicates the intention of the staff to recommend their bank's product and services to other clients because of similar products & services and understanding of customers' needs (current bank's sensitivity to client feedback). Products and services include other banks offering the same product and services as the current bank.

Table 9. The Perception Of Bank Staff On Predictors Of Customer Retention.

<i>N</i> = 163	<i>Min</i>	<i>Max</i>	<i>Mean</i>	<i>Std. Dev.</i>	<i>V.I.*</i>
Satisfaction	1	4	3.14	± 0.61	agree
Recommendation	2	4	3.31	± 0.55	agree
Products & Services	1	4	3.09	± 0.60	agree
Retention	1	4	2.87	± 0.70	agree

Since participating banks would not disclose their clients due to data privacy and secrecy laws, the researcher used the perspective of staff (rank-and-file) as banks' customers to evaluate client retention. In the study made by Aziz, W.A. (2015), the gender of the customer has a significant impact on customer loyalty. Masocha, R., & Matiza, T. (2017) also concluded in their study that demographic characteristics have an impact on the retention and switching behavior of commercial banks clients. Similarly in this study, the demographic profile of the respondents has a significant effect in the retention of clients.

Conclusions, Recommendations, and Directions for Future Research

The purpose of this study was to measure the impact of client-centricity strategy on the retention of client in selected commercial banks in Makati area through its four pillars from the perception of bank employees. The study also pursued to evaluate the level of client-centricity and client retention, measure the highest usage of client-centricity among the top five commercial banks, and determine the relationship of client-centricity strategy to client retention. The study determined that among the four pillars, metric has the highest impact when utilized as bank indicator for client retention. Satisfied clients are retained because they are carefully targeted, have successful relationships with the bank (metric), interact with customers (value proposition), and trust that cross-departmental collaboration flow within the firm. Therefore, the top 5 commercial banks in Makati believed and agreed that the utility of these strategies leads to more clients retained. Utilizing the four pillars of client-centricity strategy, influences significantly client retention in totality.

The results of this study support the assertion that when a bank practices the client-centricity strategy, a greater client retention can be observed. As this study showed that some banks don't utilize value proposition as much as other pillars, this maybe further explored since this pillar was the least utilized among the four pillars. One of the beneficiaries of this study are the academe and commerce. The result of this study may aid these institutions to explore the potential of client-centricity strategy when utilized as strategy innovation. Similar to the results of the study by Kim et al., (2015) where client-centricity strategy show a strong driver of brand

loyalty in first class airline business, this study endeavor can be employed as well in other types of institutions. This study also has limitations. First, this study was made during the covid-19 pandemic the target participants for this study were 384. However, due to limited interaction to minimize contact, only a few participants were allowed to answer the survey. Second, perceptions of commercial bank employees were only gathered in this study. Thus, exploring another classification of banking to ensure the strength of the strategy in different banks' functions are suggested. Lastly, different data source and follow-up through branch banking maybe explored to verify the effect of employing these strategies in other locales.

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