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INVESTIGATING THE IMPACT OF ENHANCING CUSTOMER AWARENESS ON FINANCIAL WELL-BEING: EVIDENCE FROM GHANA

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Abstract

The impact of the 2007 – 2009 financial crisis shattered the public confidence in the financial market. Consequently, it reduced participation in the financial market and negatively affected the volume of direct and collective investments. However, customer awareness was considered an essential pillar for determining the evolution of the European post-crisis supervisory and regulatory agenda and to restore public confidence. This study investigates the impact of enhancing customer awareness on customers' financial well-being in Ghana. The research is a correlational research design with 125 customers conveniently sampled from a population of 184 customers from five universal banks in Ghana to answer a paper-and-pencil questionnaire. The researcher used a Bivariate (Pearson) Correlation in SPSS v 22 to analyse the data. The research concludes that there is a moderately significant positive relationship between bank customer awareness and subjective financial well-being. The study recommends that banks must invest in enhancing customer awareness to improve their financial well being as this will improve banks' image in the long run.

Keywords: Customer awareness, financial well-being, subjective financial well – being, banking customers

INTRODUCTION

The impact of the 2007 – 2009 financial crisis shattered the public confidence in the financial market. Consequently, it reduced participation in the financial market and negatively affected direct and collective investments volume. However, customer awareness was considered an essential pillar for determining the evolution of the European post crises supervisory and regulatory agenda and restoring public confidence, which is key to the stability and functioning of financial markets. According to Bello et al. (2000), customer awareness is the act of ensuring that customers are informed about products, services, and consumer rights. Customers' understanding of a product or company allows them to get the most out of their transactions and make well-informed decisions about what to purchase and how much to expend when they have product information (Rammal & Zurbruegg, 2016). However, customers benefit from understanding their rights and examining alerts and advisories (Nasution et al., 2020). Moreover, enhancing customers' awareness is an alternative call for financial institutions to show transparency and honesty in their dealings with customers. This call supports the biblical passage of how masters must give their servants what is just and equal without holding back (Colossians 4:1, NIV).

Over the years, banks in Ghana have mediated the flow of transactions between economic agents (Boateng & Narteh 2016) and have met customers' evolving needs and demands (YuSheng & Ibrahim 2019). However, in line with enhancing customer awareness, most banking customers in Ghana are still ignorant about their rights and poorly understand recent banking operations due to digitisation. Banks must therefore invest in enhancing customer awareness by creating more outlets to reach customers in order to offer them orientation in today's digitised banking. By doing so, customers will have the privilege to make well-informed financial decisions that will impact their well-being. Similarly, the rising supply of financial products to customers has led to competition among banks in Ghana (Omoregie et al., 2019). Inegbedion (2018) argues that customers are more educated, better informed, and more internalised in recent times. However, as an economy moves toward a diversified knowledge-based economy, demand for high-quality information, products, and services increase correspondingly (Saviotti et al., 2020). Okoe (2013) argues that banks' quality services are critical to their success and survival. In similar studies, Amoako (2012) indicated that increasing customer awareness is critical for any business institution's success and survival; thus, superior service is critical to a bank's profitability and survival (Salike & Ao, 2018). Conversely, other studies by AlHaliq and AlMuhirat (2016) have also argued that enhancing customer awareness by banks is cost-intensive, followed by banks most often, thriving on undisclosed information for their profitability(Hoque et al., 2018).

Ultimately, regarding financial well-being, there had been extensive literature on how banks use customer awareness as a tool to improve customers' financial well-being. According to Lannello et al. (2021) and Brüggen et al. (2017), financial well-being is defined as both an objective and subjective concept that contributes to a person's appraisal of his current financial status. The objective method emphasises quantitative indicators such as financial data, ratios, and benchmarks as objective measurements of financial well-being, whereas the subjective approach emphasises people's opinions of and reactions to their financial circumstances (Schalock & Felce 2004; Porter, 1990). However, this study uses the subjective approach in measuring financial well-being. There appears to be limited literature on how banks in Ghana use customer awareness strategy as a tool to improve customers' financial well-being. The purpose of this research is to investigate the role of banks in Ghana in enhancing customer awareness aiming to improve customers' financial well-being.. The research will serve as a foundation for further research and also be helpful to regulators regarding banking decisions. This paper is structured as follows. The first section develops an extensive literature review followed by the research's methodological approach, results, discussions, and finally, conclusion and recommendation.

Research Questions

To fill the gap in the literature, the research will address the following questions:

- Is there a significant relationship between customer awareness and subjective financial well-being? Do customers' subjective financial-wellbeing improve when their awareness is enhanced?

Hypothesis

The null hypothesis of the study includes:

- There is no significant relationship between customer awareness and subjective financial Well-being.

LITERATURE REVIEW

Customer Awareness

Customer awareness refers to a customer's knowledge and understanding of products and services and the institution that provides those products and services (Rammal and Zurbruegg 2016). It is concerned with whether or not the customer is aware of the products or services available. (Khattak, 2010). According to Kasriel-Alexander (2016), product or service awareness allows customers to get the most out of their purchases by providing additional options, comprehension, and safety. Banks increase their consumers' awareness by sharing high-quality information (Losada-Otálora and Alkire, 2019). The acquisition of specific skills and knowledge of financial products and services are all characteristics of customer awareness (Pousttchi and Dehnert, 2018). When accurate information about a product or service is preserved in the long-term memory, customers' awareness can be objective, according to Rowley and Hartley (2017). According to previous studies, objective awareness is closely related to competence and expertise in planning a product acquisition (Tang and Baker, 2016). According to Mendes-Da-Silva (2019), well-informed students on credit card features are less likely to engage in risky credit card behavior.

Financial Well-being

Following its significant impact on individuals, nations, and organizations, the topic of financial well-being has gotten much attention recently. Financial well-being has piqued the interest of policymakers, investors, academics, and employers as a topic worth investigating. Similarly, several academic departments, such as economics, financial counseling, psychology, and marketing, have investigated financial well-being (Losada-Otálora and Alkire 2019). Despite a commonly agreed definition, several scholars have sought to establish diverse definitions for financial well-being. Brüggen and Hogreve (2017) define financial well-being as the degree to which people or families believe their income is enough, secure, and stable. Riitsalu and Murakas (2019) define financial well-being as an individual's perceived ability to maintain current and desired living standards and financial independence. Similarly, Mahendru, Sharma, and Hawkins (2020) viewed financial well-being as an objective and subjective notion that adds to a person's assessment of his current financial situation. It refers to a person's perceived ability to fulfill costs, as well as their contentment with their savings and investments (Abd Aziz et al., 2020). According to Losada-Otálora and Alkire (2019), financial well-being assesses one's current financial situation as indicated by indicators such as credit score or perceived level of life. Individual performance on financial ratios like housing costs and savings suggests that the better the ratios, the better the financial well-being (Elliott, 2014). As an objective measure of financial well-being, it emphasises the use of quantitative indicators such as financial ratios and benchmarks (Brüggen et al., 2017). The study, on the other hand, focuses on the subjective method of assessing financial well-being.

Ultimately, banks enhancing customers' awareness help improve customers' knowledge about their rights, products, and services. Banking customers are able to make well informed decisions about their financial matters because they have improved knowledge.

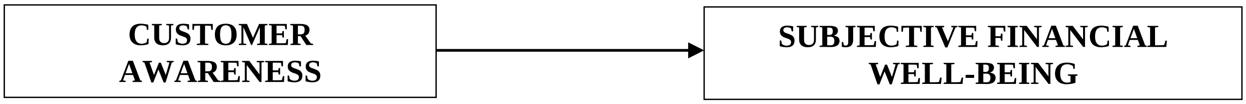

Figure 1. Research Paradigm

RESEARCH METHODOLOGY

A correlational research design was adopted in this study. It is a quantitative study in nature. The respondents in this study were the customers of five universal banks located in the capital of Accra, Ghana. Data was obtained from customers by a team of trained interviewers using convenient sampling method. In all, 184 customers from the five banks were contacted. Potential respondents were intercepted, and their concerns were sought for their participation in the study. Potential respondents were screened to determine if they owned an account with a bank. A paper-and-pencil questionnaire was offered to each respondent to complete without an incentive. Finally, the Raosoft sample calculator recommended sample size of 125 respondents as an ideal sample size for the study with a 95 percent confidence interval.

A self-constructed questionnaire with an internal consistency of 0.84 and 0.87 for customer awareness and subjective financial well-being, respectively, was developed to measure the study's main constructs. According to Nunally (1978), the alpha obtained was more significant than 0.7, making it more reliable. On the scale, each construct comprised of five items.

Study applied bivariate analysis in SPSS version 22 to analyze data using the parametric inferential statistic.

RESULTS AND DISCUSSION

The survey included 66 males and 59 females, with 79 respondents falling into the category of youth (ages 15-34) accounting for 70% of the sample. The age group (35-50) is represented by forty respondents, representing 42 percent of the total sample. Only six respondents, representing 6% of the total sample, are between the ages of 51 and 65. A total of 144 individuals have received degrees, 16 have received diplomas, 46 have received postgraduate degrees, and 19 have received high school certificates. For statistical encoding for gender interpretation, males were represented by 0 and females by 1. In the first section of the questionnaire, respondents were asked demographic questions about their gender, age, and educational level. Table 1 shows a breakdown of responses by demographic characteristics.

Table 1: Respondents categorized by demographic factors

Gender		Age			Educational status			
males	females	Youth (15-34)	Adult (35-50)	Old (51-65)	SHS	Diploma/ HND	Degree	Post graduate
66	59	79	40	6	19	16	44	46

Table 2 shows the result of the bivariate correlation between Customer Awareness and Subjective Financial Well-being.

Table 2: Summary of correlation

		CUSTOMER AWARENESS	SUBJECTIVE FINANCIAL WELL-BEING
CUSTOMER AWARENESS	Pearson Correlation	1	.323**
	Sig. (2-tailed)		.000
	N	125	125
SUBJECTIVE FINANCIAL WELL-BEING	Pearson Correlation	.323**	1
	Sig. (2-tailed)	.000	
	N	125	125

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

The Pearson Product-moment correlation was used to investigate the relationship between customer awareness and subjective financial well-being. Pearson's r is 0.323 in the output, indicating a moderate relationship between the two variables (Cohen, 1988). The significance level is 0.000, indicating that the relationship is highly significant (and therefore, it is likely that there is a relationship between the two variables in the population and the sample). On the other hand, its positive sign indicates that customers' subjective financial well-being improves when banks enhance their awareness. In conclusion, the results are as follows: $r = 0.323$, $n=125$, $p = 0.000$.

The results of the bivariate correlation between the two variables were used to evaluate the study's null hypothesis. The value of 0.000 is significant based on the results. The null hypothesis that states no significant relationship between customer awareness and subjective financial well-being is rejected in this study. According to the findings, there is a relationship between customer awareness and subjective financial well-being.

CONCLUSION

The study provided important information regarding the role of banks in improving customers' financial well-being by enhancing customers' awareness. Results from the bivariate correlation have shown a positive relationship between customer awareness and customer financial well-being. Customers improve their financial well-being when their awareness is enhanced. However, where banking customers' knowledge is not enhanced through awareness creation, they can fall victim to wrong choices and, consequently, affect their financial well-being. The study results are consistent with the findings of Losada-Otálora et al. (2018), who concluded that banks might transform the financial well-being of their customers by enhancing customer awareness. Similarly, Hadar et al. (2013) also concluded that bank managers should enhance objective and subjective awareness.

RECOMMENDATIONS

Banks must focus on enhancing customer awareness in order to help customers improve their financial well-being. It is also essential to communicate with customers regularly to hear their complaints and provide timely feedback. Customers' financial well-being should be a core aspect of a bank's customer strategy, which will ultimately improve bank's image. Additionally, banking authorities should assist customers in lessening the power distance they perceive in their interactions with banks. For instance, by banking authorities pressing banks to be transparent, customers may feel competent around financial challenges. Customers' awareness of financial services will similarly increase as bank information becomes transparent. In the long run, however, customers' awareness will minimize their perceived power distance from banks, enabling them to impose stringent requirements on banks regarding transparency, accuracy, and clarity of information. Further, Additional research is necessary to ascertain the mediating effect of culture on increasing customer awareness on subjective financial well-being.

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