

Leveraging Innovation and Customer Loyalty in the Bank of the Philippine Islands

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ABSTRACT: This research investigates the manifestation of leveraging innovation and customer loyalty in the Bank of the Philippine Islands. Utilizing a descriptive correlational approach, data was collected through a self-made questionnaire, and the study respondents are both bank employees and customers from the Bank of the Philippine Islands Binan Cluster. The key areas of focus included digitalization, Trust and Safety, Customer Education, and Service Quality. The findings decisively show that both employees and customers uniformly perceive the Bank of the Philippine Islands' innovation efforts, underscoring shared confidence in the bank's strategic initiatives. This consensus highlights the broad acceptance and impact of BPI's innovative strides. The harmony in perceiving loyalty transcends demographic boundaries, affirming a collective understanding that resonates strongly across different age groups and genders. BPI's innovation initiatives effectively resonate across various segments, resulting in remarkable levels of customer loyalty and exceptional commitment from both employees and customers. Furthermore, the analysis emphasizes the crucial role of customer education in shaping customer loyalty and satisfaction.

In conclusion, this research provides significant insights into the relationship between innovation and customer loyalty at the Bank of the Philippine Islands. It validates the effectiveness of BPI's strategic initiatives, showing that both employees and customers perceive these efforts positively across various demographics. The study highlights the crucial role of customer education in enhancing satisfaction and loyalty. A key recommendation from this study is the implementation of the "Mas Magandang Bukas Hub" as a quality improvement plan. This hub will serve as a dedicated platform to boost BPI's innovation initiatives and foster customer loyalty. By focusing on continuous improvement in service quality and customer experience, the hub will enable BPI to develop and implement innovative solutions that resonate with a diverse customer base, ensuring broad acceptance and impact. These findings can guide BPI and other financial institutions in developing more effective innovation strategies and customer education programs, ultimately fostering stronger customer relationships and improving industry standards. Additionally, the study contributes valuable data to the academic literature on banking innovation and loyalty, providing a case study for future research and practical applications.

KEYWORDS: digitalization, trust, and safety, customer education, service quality

I. INTRODUCTION

The banking industry has seen a significant transformation over the last few decades. As a result of increased market rivalry and regulatory requirements, banks are increasingly relying more on technology to help them stay competitive in meeting their customer needs and expectations. Integrating the newest technology available into their current systems and procedures is one way that the banking industry uses innovation to its advantage. Its goal is to give banks the resources and skills they need to be profitable and competitive. By utilizing the newest technology, banks may lower expenses, boost customer experience, and enhance customer service all of which will encourage customer loyalty Giordani (2023). The current market is hyperconnected and loyalty in the banking industry can be achieved by crafting customer experiences that meet the elevated and continuously changing modern customer's expectations as cited by doxee.com/blog (2022). If banks don't drastically enhance and innovate the customer experience and operations, they will continue to lose money and won't be able to reinvest it in better products for customers. Customers, particularly the younger generation, are quickly embracing new products from challenger banks because they are more interactive and engaging, which makes them feel important and increases their loyalty. Glance. cx blog (2023) mentioned that customer loyalty is not just mere satisfaction but it is a bond that keeps customers loyal to a bank encouraging a long-term relationship and supporting profitability. Banks that offer seamless, user-friendly, personalized, and innovative ways of banking can create positive impacts on customers, making them stand out from the competition.

With the adoption of cutting-edge technologies and user-centric solutions like Artificial Intelligence (AI), Omnichannel Banking, Automation and Process Optimization (RPA), and many more, the banking industry has undergone an innovation transformation that places them at the forefront of the technological revolution globally. These continuous efforts, which include cutting-edge business models, new technology, and customer-focused strategies to satisfy the changing needs of the digital era, are changing the financial services environment mentioned by Ovington (2023). With the help of new technologies, banks can reevaluate their business and operating models, decide which skills and functions should be acquired internally vs externally, and centralize some operational tasks to increase overall market resilience and efficiency which fosters increased bottom-line and customer loyalty. Banks are battling against nimble internet entrepreneurs who are providing more alluring products at lower costs, so they can no longer take the loyalty of their customers for granted. Traditional banks have their days ahead of them. Because they are the target of the big tech companies because of their enormous potential to supply cloud-based services. Also, the largest global banks are surpassed in terms of market capitalization and expenditure power. Because of these shifting market conditions, banks need to quickly adopt current technology to expedite their innovation efforts like having an online platform and mobile banking that is easy to use and fosters customer engagement to become viable. Lynons et.al., (2021). Nowadays, a large portion of financial transactions are completed on a customer's computer or smartphone. These online banking apps always have an advantage over traditional banking channels (brick-and-mortar branches) given how many options they have, the ability to save time and money, and the convenience of use. Additionally, real-time information on the valuation of their investment products, the banks' incentive programs, and their incurred expenditures may be accessed by owners/customers through these applications. According to tookitaki.com/blog (2023), Digital banking is being adopted by Filipinos at a never-before-seen pace. A BSP survey from 2020 indicates that 25.2% of bank accounts held by Filipino people are digital, with 51.2% of them being adult owners. 20.1% of adult Filipinos utilize electronic payments, up from just 1% in 2013, according to the same research. The reason for this quick acceptance is that more people are becoming aware of the advantages of digital banking, including its cost-effectiveness, ease, and security.

As the Philippine economy continues to undergo profound changes over time, the banking sector is faced with the urgent need to adapt to changing customer preferences, buying behaviors, and expectations. Among the institutions that concerted their best efforts to adapt to the changing landscape of the banking industry is the Bank of the Philippine Islands (BPI). It was established on August 1, 1851, previously known as “El Banco Espanol Filipino de Isabel II”. According to bpi.com.ph (2022), BPI spent Php 9 billion in 2021 on technology, having invested in advancing its cybersecurity and customer engagement platforms such as BPI Online, BPI Mobile App, BPI Banko, BPI Bizlink, BPI Bizko, BPI Trade, and the newest of them all, BPI Vybe, the bank's digital wallet app. This initiative aims to reinvent the perception of its customers when it comes to banking, making it more inclusive, interactive, and, most importantly, focusing on customer experiences. Valuing the experience of their customers is very meaningful to BPI, and they use this as inspiration to make their products and services more innovative and tailored to their customer needs. This is one of their strategic imperatives to make their customer loyal as they continuously help build a better Philippines- one family, one community at a time.

Conceptual Framework : The researcher will be able to present the study's framework that might answer the research problem. This research integrates various perspectives and concepts. According to Joseph Schumpeter's innovation theory, innovation is viewed as a dynamic process including the ongoing development, dissemination, brand perception, and digitalization within the framework of an organization emphasizes the introduction of new goods through advancements in technology and other financial and non-financial resources to support economic growth. Building on the innovation foundation, Jay B. Barney's 1991 Resource-Based View Theory provides support for this research which views innovation as a strategic asset that gives businesses and organizations the greatest customer engagement possible while maintaining their competitive advantage in the marketplace. Customers who are engaged with the processes believe that they are receiving excellent service and have a higher association with customer loyalty. A valuable tool that companies can use in assessing their service quality is the SERVQUAL Model created collaboratively by Parasuraman, Zeithaml, and Berry in 1988. Companies may pinpoint areas that need improvement, innovate their products and services, and build loyal customers. According to Peter Drucker's customer-centric business approach, to develop a positive customer journey that promotes loyalty, companies need to put customers at the center of all business activities and operations. This will aid the company in knowing, understanding, meeting, and exceeding customer expectations not just by offering the company products and services but also by providing a satisfying customer experience that encourages customer loyalty. The key elements of this approach include Customer Engagement, Brand Perception, Prospect for Cross-selling, Customer Experience, and Customer Satisfaction.

Leveraging innovation in the Bank of the Philippine Islands is the independent variable of the study. The term "leveraging innovation" encapsulates the strategic deployment and integration of novel ideas, cutting-edge technologies, and innovative processes aimed at instigating positive transformations across the entirety of the bank's operational framework, encompassing its internal processes, product offerings, and service delivery mechanisms. Through the deliberate harnessing of innovative approaches, the Bank of the Philippine Islands (BPI) endeavors to not only stay abreast of the ever-evolving financial landscape but also to proactively pioneer advancements that redefine industry standards and enhance its competitive positioning in the marketplace. The independent sub-variables will encompass the digitalization efforts undertaken by the Bank of the Philippine Islands which are the initiatives made by the bank to streamline the bank's process in place of the implementation of its new technology to improve customer experience.

Second is trust and safety, which hold paramount significance for the bank's customers. The degree of safety measures and the banks' protection of their customers' financial data are pivotal elements in fostering customer loyalty. Thirdly, the Bank of the Philippine Islands prioritizes customer education by conducting financial literacy programs aimed at enlightening customers about their new products, services, and platforms. Usually, their employees conduct programs like this, as they are devoted to providing a personalized approach to explaining to customers these new launches so they can better understand how they work. Also, because of that approach, trust is built, and customers can now maximize and utilize these newly launched digital products with ease in their minds and hearts. Lastly, customer views and their ensuing loyalty to the bank are greatly influenced by the quality of service that BPI provides, which includes the level of reliability to this new technology, consistency, and assurance of their safety as customers of these products and services.

Customer loyalty as the dependent variable of the study is about the deep-rooted commitment and trust of the Bank of the Philippine Islands customers, which serves as the pivotal link between these two attributes. Satisfied customers not only act as brand ambassadors but are also more likely to advocate for BPI among their extensive network of relationships, which encompasses not only relatives but also friends and acquaintances. This network, commonly referred to as KKKs (Kamag-anak, Kapamilya, Kapatid, Kaibigan, Kakilala), extends the reach of positive experiences and recommendations, further solidifying BPI's reputation and customer base. The dependent sub-variables will include customer engagement, emphasizing their interactions. Specifically, the study underscores the extent of customer engagement in the bank's loyalty program and their utilization of the Bank of the Philippine Island's digital platform. Secondly, brand perception plays a pivotal role as it significantly influences customer loyalty. A positive perception of a brand enhances the probability of customer recommendations, particularly to unbanked customers. Thirdly, the prospects for cross-selling are significant, as they present a valuable opportunity for the bank. Satisfied customers serve as implicit buying signals for bank employees. The more valued and content customers feel, the greater their trust in exploring additional financial solutions offered by the bank this opportunity is very important because a satisfied customer can be perceived as a buying signal for the bank's employees. The happier and more valued they may feel, the more they will trust them with additional financial solutions.

Fourthly, the bank assesses the quality of customer experience across various touchpoints, both online and offline. This evaluation centers on how customers perceive and engage with BPI's digital services, which significantly impacts their loyalty and satisfaction levels. Lastly, customer satisfaction encompasses multiple dimensions, including the user-friendliness of digital platforms, the effectiveness of customer support and after-sales services, and the overall quality of financial solutions provided by the bank to its customers. Finally, customer satisfaction encompasses several aspects such as the user-friendliness of digital platforms, the efficiency of customer assistance and after-sales services, and the overall services rendered by the bank in offering optimal financial solutions to its customers.

Research Paradigm

LEVERAGING INNOVATION AND CUSTOMER LOYALTY IN THE BANK OF THE PHILIPPINE ISLANDS

**Independent Variables
LEVERAGING INNOVATION**



**Dependent Variables
CUSTOMER LOYALTY**

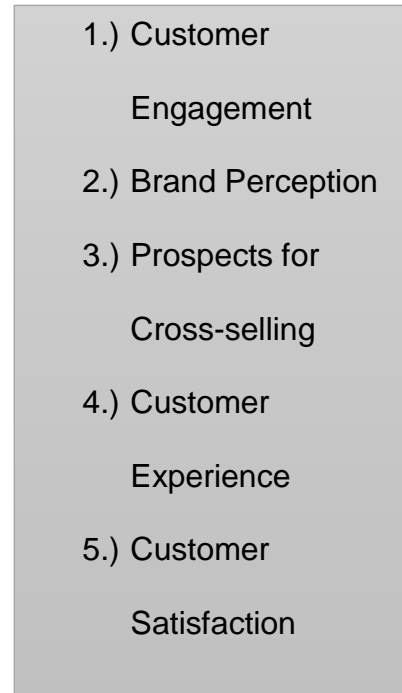


Figure 1. Paradigm of the Study

Research Questions: This study aims to find out how leveraging innovation serves as a basis for customer loyalty in the Bank of the Philippine Islands.

Specifically, this study sought to answer:

- ❖ What is the level of the Bank of the Philippine Islands manifestation leveraging innovation as assessed by the bank employees and customers in terms of the following areas?
 - ✓ Digitalization;
 - ✓ Trust and Safety;
 - ✓ Customer Education; and
 - ✓ Service Quality?
- ❖ What is the level of Customer loyalty in terms of the following?
 - ✓ Customer Engagement;
 - ✓ Brand Perception;
 - ✓ Prospects for Cross-selling;
 - ✓ Customer Experience; and
 - ✓ Customer Satisfaction?
- ❖ In what ways do demographic characteristics impact the relationship between leveraging innovation and customer loyalty in the Bank of the Philippine Islands, in terms of:

- ✓ Age; and
- ✓ Gender?
- Is there a significant difference in the assessment of the two groups of respondents as to the manifestation of leveraging the innovation of the Bank of the Philippine Islands?
- Is there a significant difference in the assessment of the two groups of respondents on the level of customer loyalty?
- Is there a significant relationship between leveraging innovation and customer loyalty?
- Based on the result of the study, what quality improvement plan for the Bank of the Philippine Islands may be proposed?

Hypotheses : The following are research hypotheses that will provide the researcher with a guide in investigating the relationship between innovation and customer loyalty in the Bank of the Philippine Islands. Through furthering this research study, these hypotheses will help the researcher uncover the critical elements that contribute to customer loyalty in the face of increasing innovations in the banking sector:

Ho1: There is no significant difference in the assessment of demographic characteristics, specifically age and gender, between the two groups of respondents.

Ho2: There is no significant difference in the assessment of the two groups of respondents as to the manifestation of leveraging of the Bank of the Philippine Island.

Ho3: There is no significant relationship involving leveraging innovation and customer loyalty.

Scope and Limitations : This research study will be limited only to the manifestation of Bank of the Philippines Island's most recent innovation strategy as assessed by its employees and customers and how these initiatives serve as the basis for their customer loyalty. It also illustrates the perception and behavior of customers regarding the most recent improvements made to Bank of the Philippine Islands services. The researcher will evaluate the manifestation to which these leverages in innovation affect customer loyalty while taking into account characteristics such as consumer engagement, brand perception, prospect for cross-selling, customer experience, and satisfaction. The limitations of the study might include the sample size and participant representativeness, which could impact the results; and generalizability to a larger population. A thorough investigation of customer loyalty and the long-term impacts of innovation on customer behavior may not be possible due to time constraints in the research. Limitations may arise from the dependability and accessibility of data, especially when it comes to consumer behavior and preferences. These might affect a thorough comprehension of the connections among innovation, and customer loyalty. The research findings may be impacted by external market dynamics, economic situations, and shifts in customer preferences and behaviors beyond the purview of the study, which might restrict a full knowledge of the variables impacting customer loyalty. Regulations about banking and data protection, as well as ethical issues that can have an impact on the gathering and processing of sensitive customer data, might all place limitations on the study.

Significance of the Study

The following are engendered to benefit from this study:

BPI Customers. This study gives insights into how the Bank of the Philippines Island leverages innovations to impact customer loyalty. BPI customers can expect and observe improved banking services, and new digital platforms that are more engaging and interactional contributing to an excellent banking experience. With BPI's innovation initiatives potentially meeting their requirements and expectations, customers may make better-informed judgments regarding their preferred banking options.

BPI Employees. The research may assist BPI employees in understanding the relationship between innovation and customer loyalty. They may have an apparent understanding of the functions that they play in fostering innovation within the organization. The findings of this study may point out areas where employees can improve their innovation-related knowledge and skills, preparing the workforce to be well-equipped to support BPI innovation initiatives.

Researcher. This study will be able to help the researchers in the application and sharing of knowledge,

principles, and theories that she has acquired in the area of learning that she has chosen. Through this study, the researcher can have a deeper understanding of the relationship between innovation and customer loyalty in the banking industry. It enhances the researcher's capacity for career advancement and field specialization. The study contributes to the body of information already available on the connection between innovation and customer loyalty, highlighting the academic work of the researcher as well as providing useful insights for the banking industry.

Future Researchers. This study will be a useful resource for future researchers who wish to investigate related issues about the connection and significance of utilizing innovation and its impact on customer loyalty, especially in the banking sector. Additionally, it might result in further advances in our understanding of customer loyalty within the framework of the banking industry's digital transformation.

Definition of Terms :The following are some terms and concepts which have been given meaning operationally for easy comprehension:

Bank of the Philippine Islands. It was founded in 1851 and it was the first bank in the Philippines and in the Southeast Asian Region. BPI is a universal bank and together with its subsidiaries and affiliates, it offers a wide range of financial products and solutions that serve both retail and corporate customers.

Brand Perception. It's how customers interpret and react to messages, experiences, and interactions with a brand. It is important for tracking key metrics like brand loyalty and your customers' experience—factors that ultimately influence other key aspects of your business such as sales, product development, marketing, and advertising.

Cross-Selling. It involves selling related, supplementary products or services based on the customer's interest in, or purchase of, one of your company's products. In BPI, cross-selling is done whenever there is a customer conversation. Here employees serve as financial advisors discussing other bank products that may help their needs that they would want to avail during the conversation or in the future. It's a great way of increasing customer loyalty and deepening customer relationships which in turn can improve customer lifetime value and retention.

Customer Education. It is content designed to onboard, engage, and retain your new and existing customers that are delivered programmatically via in-person and on-demand channels. Customer education is sometimes also referred to as customer training. Consistent financial education is being done by BPI to spread awareness and contribute additional knowledge to the community as well as their customers about the latest banking solutions and additional information on market updates and other banking-related topics.

Customer Engagement. Delivering connected experiences to your customers instead of single, one-off, or fleeting transactions. It means optimizing your team structure, operations, and technology to create a connected feedback loop with customers.

Customer Experience. Also known as CX, is your customers' holistic perception of their experience with your business or brand. CX is the result of every interaction a customer has with your business, from navigating the website to talking to customer service and receiving the product/service they bought from you.

Customer Loyalty. Defined as a person's willingness to interact with and buy from a specific company on an ongoing basis. If you can create memorable, positive experiences for your customers, you'll increase the chances of them not only coming back for more but spending more per purchase. When a customer is loyal to one company, they aren't easily swayed by price or availability. They would rather pay more and ensure the same quality service and product they know and love.

Customer loyalty is the result of a company consistently meeting and exceeding customer expectations. In BPI, customers are their lifeline. As their mission statement says “If we fully know and understand customers' needs by heart and address them with the best banking solutions, we will be entrusted with their most important financial transactions today and in the future as we continue building lasting relationships with them.”

Customer Satisfaction. Defined as a measurement that determines how happy customers are with a company's products, services, and capabilities. Customer satisfaction information, including surveys and ratings, can help a

company determine how to best improve or change its products and services. (CSAT) is a measure of how well a product, service, and overall customer experience meet customer expectations. It reflects your business' health by showing how well your products or services resonate with buyers.

Leveraging Innovation. Seeks out ways to employ technology to optimize organizational and individual performance. Key Behaviors. Skillfully uses state-of-the-art resources and employs technology to assist in work activities. In BPI, innovation leverages were seen in the introduction of their AI-powered mobile banking app, the introduction of BPI Bizlink and BPI Banko which helps business owners and companies manage their payroll facilities and government payments in a digital platform, launching of its very own wallet app, the BPI Vybe and its innovative investment platform the BPI Trade.

II. REVIEW OF RELATED LITERATURE AND STUDIES

This chapter includes relevant works of literature and studies from both local and international sources that are thought to be crucial to the investigation. Readers will get important insights and concepts from the study which will help them understand the subject matter of this research.

Conceptual Literature : The banking industry has experienced profound changes over time, largely propelled by advancements in digital technology. This transformation is particularly noticeable in the widespread adoption of digital solutions across online and mobile platforms, along with the emergence of digital payment systems. The traditional brick-and-mortar model of banking has evolved into a more agile and tech-savvy landscape, where customers increasingly rely on digital channels for their banking needs. In the era of digitalization, the dynamics of the market have shifted significantly. Millennials, a generation known for their affinity towards technology and digital experiences, have emerged as a prominent demographic within the banking sector. Nurjanah (2023) observes the rising influence of millennials, whose preferences and behaviors have reshaped the banking landscape. This demographic cohort demands seamless digital experiences, convenience, and personalized services, driving banks to adapt and innovate to meet their evolving expectations.

The banking industry's evolution reflects a broader trend toward digital transformation, characterized by the integration of technology into various facets of banking operations. This transformation not only enhances operational efficiency but also enables banks to cater to the preferences and demands of a digitally native consumer base, with millennials playing a pivotal role in shaping the industry's trajectory. The transformation of traditional banking practices into digital services has been a prominent trend in recent years, as highlighted by the Printec blog in 2020. Banks have increasingly embraced technological innovations to streamline operations and enhance customer experiences. This shift towards digitalization is driven by the recognition of the need to adapt to changing consumer preferences and expectations in an increasingly digitized world.

In their quest to modernize banking services, financial institutions have invested heavily in cutting-edge technologies aimed at reducing queues and transaction waiting times. By leveraging the latest advancements in digital platforms and infrastructure, banks seek to offer customers greater convenience, accessibility, and efficiency in managing their finances. However, the transition to digital banking is not without its challenges. Initially, customers may exhibit hesitancy or resistance toward these innovations, particularly those accustomed to traditional banking methods. Recognizing this apprehension, banks are compelled to take proactive measures to address customer concerns and maximize the adoption of digital technologies. Education emerges as a key strategy in overcoming customer resistance and fostering acceptance of digital banking solutions. Banks invest in comprehensive educational initiatives to familiarize customers with new features, functionalities, and navigation processes inherent in digital platforms. By providing clear instructions, tutorials, and support channels, banks empower customers to navigate digital interfaces with confidence and ease.

Moreover, the evolving landscape of digital banking necessitates ongoing communication and engagement with customers to ensure their needs are met and expectations are exceeded. As customers become more acquainted with digital banking offerings, banks continue to refine and enhance their services based on user feedback and evolving market trends. In 2020, an article by John Smith published in *The Financial Times* underscores the accelerating pace of digitalization in the banking sector. Smith highlights the growing importance of digital channels and the imperative for banks to adapt to changing consumer behaviors and market dynamics. As customer expectations continue to evolve, banks must prioritize investments in digital infrastructure and customer-centric initiatives to remain competitive in an increasingly digital marketplace. Amid the ongoing innovation within the banking sector, the establishment of trust and the assurance of safety are fundamental for the success of banking initiatives.

As technology continues to advance, security measures have become increasingly critical in fostering trust and confidence among bank customers, particularly in light of the growing prevalence of digital threats. Quintos (2023) and Rendell (2022) underscore the significance of robust security measures in safeguarding sensitive financial information and protecting customers from cyber threats. With the proliferation of online and mobile banking platforms, customers are increasingly reliant on digital channels to conduct their financial transactions. Consequently, the security of these platforms is paramount to ensure the integrity and confidentiality of customer data.

Moreover, banks recognize the importance of proactive risk management and compliance with regulatory standards to uphold the trust and confidence of their clientele. By adhering to stringent security protocols and industry best practices, banks demonstrate their commitment to protecting customer interests and maintaining the integrity of the financial system. In a 2020 article authored by Sarah Johnson in *The Wall Street Journal*, the escalating cybersecurity threats facing the banking industry are highlighted. Johnson emphasizes the evolving nature of cyberattacks and the need for banks to adopt proactive strategies to fortify their defenses against emerging threats. The article underscores the imperative for continuous investment in cybersecurity measures and the importance of collaboration among industry stakeholders to mitigate risks and enhance resilience.

The importance of customer education cannot be understated. Customers need to understand how to navigate digital platforms, utilize new features, and access various banking services effectively. Without adequate education, customers may feel overwhelmed or hesitant to embrace innovative offerings, which can hinder adoption rates and limit the potential for long-term customer loyalty. Lisa Wong (2020) in *Forbes* highlights the significance of customer education in the banking sector. Wong emphasizes that educating customers about digital banking capabilities and security features is essential for building trust and confidence in online and mobile banking platforms. The article underscores the role of banks in proactively educating customers about the benefits and functionalities of digital banking services, including mobile payments, online account management, and fraud prevention measures.

As banks continue to innovate and introduce new technologies and services, maintaining high service standards becomes essential to enhance customer satisfaction and loyalty. A 2022 article authored by Emily Chen in *The Harvard Business Review* highlights the significance of service quality in the banking industry. Chen emphasizes that while technology-driven innovations can enhance efficiency and convenience, they must be accompanied by a focus on service excellence to drive customer loyalty. The article underscores the role of service quality as a key differentiator in a highly competitive market, where customers expect seamless experiences and personalized interactions. Service quality encompasses various dimensions, including responsiveness, reliability, empathy, assurance, and tangibles. Banks that prioritize these dimensions and consistently deliver superior service experiences are more likely to earn customer trust and loyalty over time. This is particularly relevant in the context of digital banking, where customers expect real-time support, personalized recommendations, and frictionless transactions across multiple channels.

In today's rapidly evolving technological landscape, the task of retaining customers has grown considerably more challenging, particularly with the pervasive influence of the internet. As businesses adapt to the digital age, the competition for customer attention and loyalty has intensified across industries, including banking. A survey conducted by Temenos, a prominent financial services firm, sheds light on the pressing concerns of banks regarding customer loyalty, as underscored by Clare McDonalds (2022). The findings reveal that a substantial 30% of banks identify customer retention as their foremost challenge, highlighting the critical importance placed on retaining existing clientele in an increasingly competitive market environment. Retail banks, in particular, face heightened apprehensions compared to their corporate counterparts. This disparity reflects the unique challenges inherent in the retail banking sector, where customer turnover rates may be higher due to factors such as market saturation, changing consumer preferences, and evolving digital expectations. By actively engaging customers throughout their journey with the bank, financial institutions can gain valuable insights into customer preferences, behaviors, and needs. This understanding enables banks to tailor their offerings, anticipate customer requirements, and deliver personalized solutions that enhance the overall customer experience.

A 2022 article authored by Mark Johnson in *The Financial Times* emphasizes the importance of customer engagement in driving innovation and fostering customer loyalty in the banking sector. Johnson highlights how banks are increasingly investing in customer-centric initiatives aimed at deepening relationships, building trust, and enhancing satisfaction levels among customers. Moreover, customer engagement serves as a catalyst for innovation by encouraging collaboration, co-creation, and feedback loops between banks and their customers.

By involving customers in the innovation process, banks can develop products and services that address specific pain points, meet evolving needs, and differentiate themselves in the market. In the banking sector, a strong and positive brand perception can serve as a powerful driver of customer loyalty and retention. When customers have favorable perceptions of a bank's brand, they are more likely to trust the institution, engage with its products and services, and remain loyal over time. According to an article authored by Sarah Lee in *Forbes* highlights the importance of brand perception in driving innovation and fostering customer loyalty in the banking sector. Lee emphasizes how banks that invest in building and maintaining a strong brand reputation are better positioned to differentiate themselves in a crowded marketplace, attract new customers, and retain existing ones. Moreover, brand perception influences customers' perceptions of a bank's innovation capabilities. Banks with a reputation for innovation and forward-thinking are perceived as more trustworthy, credible, and customer-centric. This perception can translate into increased customer engagement, willingness to try new products and services, and advocacy for the bank's brand. Jessica Kim (2021) in *The Financial Times* mentioned the importance of cross-selling prospects. Kim highlights how banks are increasingly focusing on cross-selling as a strategic initiative to deepen customer relationships, drive revenue growth, and enhance customer lifetime value.

Innovation plays a critical role in enabling effective cross-selling strategies. Banks leverage advanced analytics, machine learning, and predictive modeling techniques to segment customers, identify relevant product recommendations, and personalize marketing messages and offers. A positive customer experience can significantly influence perceptions of the bank's brand, drive customer satisfaction, and ultimately foster long-term loyalty. David Chang (2022) in *The Harvard Business Review* underscores the importance of customer experience in driving innovation and fostering customer loyalty in the banking sector. The article written by Sarah Johnson (2023) in *The Wall Street Journal*, highlights how banks that prioritize customer satisfaction are better positioned to differentiate themselves in a competitive market environment, attract new customers, and retain existing ones. Moreover, customer satisfaction serves as a valuable feedback mechanism for banks to identify areas for improvement and innovation. By actively listening to customer feedback and addressing their concerns, banks can enhance satisfaction levels and build stronger, more meaningful relationships with their customers. Furthermore, satisfied customers are more likely to engage in additional products and services offered by the bank, such as loans, investments, and insurance products. This not only increases revenue opportunities for the bank but also deepens the overall relationship with the customer.

Research Literature : Digitalization has become an essential component of the banking industry, enabling financial institutions to provide more efficient and convenient services to their customers. This can benefit banks by promoting customer growth, spurring digital enterprise development, and reducing traditional banking activities (Musaev et al., 2021). By embracing digital technologies and solutions, banks can enhance their competitiveness, streamline their operations, and improve their profitability. According to surveys, AI has the potential to improve banking services and customers' trust in digital banking (Ali et al., 2022). This highlights the importance of considering the benefits of AI in financial services, while also addressing any concerns related to its implementation and potential impact on customers. It is crucial to consider how digital financial services (DFS) affect financial inclusion to evaluate how bank employees and customers are utilizing innovation in the digitalization process (Ebong & George, 2021). This emphasized the potential of digital innovations to improve the effectiveness of banking services and broaden the industry's reach and penetration. This is important to understand how customers and bank employees use innovation to drive digitalization. Ali et al., (2022) study is particularly important as it highlights the importance of understanding the human perspective when implementing AI-powered solutions in the banking sector. By gathering feedback from both customers and employees, the study provides valuable insights into how to design AI systems that enhance rather than replace human expertise. Additionally, the study by Lin et al. (2022) highlights the importance of market competition and legislative incentives while providing empirical data on the effect of technical innovation on corporate leverage. The study's findings apply to evaluating the digitization of the banking sector as they shed light on how external influences impact innovative capabilities and leverage.

Recent studies have shown interest in the digital transformation of the Philippine banking industry. Regarded as a pioneer and inventor in mobile communication, the Philippines occupies a central position in the global geography of the digital economy (Lorenzana & Soriano, 2021). The digital transformation of the banking industry in the Philippines has the potential to greatly benefit both customers and financial institutions. With the country's strong foundation in mobile communication and its strategic position in the global digital economy, there is a promising outlook for the future of digital banking in the Philippines. It is crucial to consider how innovative practices affect customer satisfaction and loyalty to evaluate how innovation is manifested in the

Bank of the Philippine Islands as seen by its employees and customers in the context of trust and safety (Slijepčević et al., 2022). Innovation is a key driver in the banking sector, but it must always be balanced with the need for trust and safety. By understanding how innovative practices impact customer satisfaction and loyalty, banks can ensure that they are innovating in a way that benefits both their customers and their business. Organizational trust, innovation safety, and structures for rewards and recognition that inspire employees are just a few of the mechanisms that make up the study of organizational practices that support employee-driven innovation (EDI) in governmental customer organizations (Flocco et al., 2021). The study by Flocco et al. highlights the importance of fostering a culture of innovation within governmental customer organizations. By implementing practices that support employee-driven innovation, such as trust, safety, and recognition, these organizations can create a more innovative and productive workforce.

Furthermore, it is important to consider how customer-centric strategies affect customer retention in commercial banks, since happy customers are kept around because of their positive interactions with the bank, their interactions with other customers, and their confidence in the firm's ability to collaborate across departments (Catbagan et al., 2022). The statement highlights the significance of customer-centric approaches in the banking industry, which emphasize putting the customer at the center of all business decisions. It also emphasizes the importance of customer retention in commercial banks, which is directly linked to positive customer experiences and their trust in the bank's ability to provide quality services. During evaluating how innovation is manifesting in the banking industry, it is important to consider the viewpoints of employees and customers. Also, Faria et al.'s (2020) study created a constructivist model using the system dynamics method and fuzzy cognitive mapping techniques to evaluate front-office employees at bank branches. The study mentioned in the text highlights the importance of evaluating innovation in the banking industry from multiple perspectives, including those of employees and customers. The constructivist model developed by Faria et al. can serve as a useful tool for assessing front-office employees at bank branches and improving their performance.

Understanding how employee performance affects customer trust and satisfaction requires an educated performance analysis system, such a system can help understand how employee performance impacts customer trust and satisfaction, which are crucial for the success of any business. Alves & Carvalho (2022) highlighted that the main challenge in leveraging innovation lies in organizational culture and the change of mindset, which influences the opening of new partnerships, knowledge sharing, and internal and external partners' trust to leverage innovation. This makes it crucial to consider the impact of organizational culture, knowledge sharing, and trust on innovation to evaluate how bank employees and customers are leveraging innovation in trust and safety. This highlights how important trust and teamwork are to promoting creativity in businesses. Additionally, Winstead's study from 2022 included trustworthiness modeling and emphasized the value of certainty and safety in fostering trust. This is especially pertinent when considering how to leverage innovation because the banking industry relies on trustworthiness to successfully adopt novel methods.

According to Onofrei et al. (2020), it is critical to consider a variety of elements that affect innovation success and consumer satisfaction. emphasized the mediating role of relational capital (RC) in this interaction while highlighting the influence of supplier and customer leverage on innovation performance. This shows that innovation success in the banking industry may be strongly influenced by the caliber of connections with suppliers and consumers. Additionally, Mazzarolo et al. (2021) highlighted how internal marketing influences bank employees' orientation to provide value to customers, highlighting the significance of bank policies in rewarding employees' contributions to outcomes. This suggests that internal marketing tactics may have a significant impact on how employees feel and act when it comes to customer satisfaction and education.

It is crucial to consider the pertinent literature to determine how customers and bank employees in the Philippines evaluate the use of innovation in customer education. Additionally, Pacala (2022) provides a critical examination of spiral vs discipline-based learning approaches to scientific education in the Philippine context. This research throws insight into educational strategies that may apply to customer education in the banking industry. It's also critical to comprehend how customer education modifies the link between innovation and customer loyalty, especially for non-banking microfinance enterprises (Elnaggar & Hassan, 2023). To evaluate how bank employees and customers in the Philippines view innovation in customer education, it is essential to consider several factors, including the effect of innovation on financial performance, the improvement of customer service, and strategic management practices in the banking industry. Furthermore, Rosima & Apat's study from 2022 emphasizes how crucial it is to gauge the customer experience in banks as it directly affects customer education and how innovative bank customers regard specific initiatives. As well, it is also essential to consider the role that marketing plays in comprehending customer needs and welcoming innovation, the impact

that user-friendliness and favorable conditions have on the willingness of users to adopt e-learning platforms, and the application of big data and analytics as a long-term customer loyalty tool in the banking and finance industries. On top of that, Amoh et al.'s (2020) study on customers' awareness and understanding of fraudulent actions in electronic banking is pertinent since it sheds light on how customers view and feel about cutting-edge financial services. Additionally, knowing the customer experience, being aware of fraudulent activity in electronic banking, how electronic banking affects the provision of customer care, and the function of internal audit in preventing fraud in banks are all crucial in this context.

It is critical to consider the function of service design as a multidisciplinary approach to service innovation in the context of service quality. Rekindled interest in service design as a major area of service innovation research emphasizes the value of a comprehensive strategy for service delivery innovation. The text highlights the importance of service design as a multidisciplinary approach to service innovation and quality. It emphasizes the need for a comprehensive strategy for service delivery innovation, which can be achieved through research and development in the field of service design. Point out how service innovation affects customer satisfaction with service quality, suggesting that process innovation may raise the standard of services that customers receive. Additionally, in line with the emphasis on service quality in the banking sector address the significance of service innovation and service quality as strategic instruments, notably in the banking sector. The research by Sarsale (2020), which uses SERVQUAL and a service improvement matrix to examine the quality of student services at a Philippine public university satellite campus, is another pertinent source. Although the focus is on a university environment, the banking industry may also utilize SERVQUAL to evaluate service quality, and it can provide a framework for doing so in the context of the Philippines (Sarsale, 2020).

Furthermore, the research by Impas et al. (2021) explores the aspects of multifunctional cooperatives' service quality in the Philippines' Southern Mindanao Region. This study's multivariate method of service quality assessment might help figure out the elements that affect service quality in the banking sector in the Philippines (Impas et al., 2021). The study's multivariate approach to assessing service quality might help financial institutions in the region to identify the factors that affect service quality and improve their services accordingly. In the contemporary landscape of the banking sector, maintaining a loyal customer base is indispensable for the prosperity of any financial entity. Recent studies within the retail banking sphere have delved into the factors influencing customer engagement and its correlation with customer loyalty. These investigations have underscored the significant influence of market orientation, satisfaction levels, emotional resonance, and the establishment of a self-brand connection on consumer engagement and long-term loyalty. The study conducted by Alam et al. (2021) focused on the relationship between customer loyalty and customer relationship management (CRM) in the banking industry. It highlights the significance of customer trust in moderating the link between customer knowledge and loyalty. This research adds to the existing body of knowledge on CRM in the banking industry.

This study illuminates the interplay between consumer commitment and trust in shaping e-loyalty within the banking sector. Moreover, it advances our understanding of customer loyalty within the realm of Islamic banking by exploring pivotal factors that impact consumer allegiance to Islamic banks, including service quality, customer satisfaction, engagement, and religiosity. Additionally, Garzaro et al. (2020) examined the role customer engagement and experience play in online and mobile banking, emphasizing the importance of customer engagement as a predicate for loyalty, pleasant experiences, and consumer satisfaction. This study emphasizes how involvement affects customer loyalty and pleasure when it comes to digital banking services. Meanwhile, Garepasha et al. (2020) highlighted the dynamic viewpoint in understanding customer loyalty in the setting of online banking services by introducing the relationship life cycle as a moderating variable in the examination of customer loyalty to online banking services. Additionally, Cahaya et al. (2023) assessed how customer commitment and trust mediated the influence of electronic loyalty at BUKU IV bank's customers, highlighting the significance of commitment and trust in promoting electronic loyalty in the banking industry.

Additionally, Harimurti & Suryani (2020) investigated the relationship between customer engagement and customer loyalty in the Philippine banking sector, emphasizing the role of total quality management in influencing customer engagement and its impact on customer loyalty at government banks. Although this study focuses on a different demographic and context, it offers valuable insights into the potential effects of social media on mental health, which could indirectly influence customer engagement and loyalty in the banking sector. Many aspects must be considered to evaluate brand perception in terms of customer loyalty in banks. According to research, in the banking industry, corporate social responsibility (CSR) acts as a mediator between brand awareness company reputation, and customer loyalty (Chikazhe et al., 2020).

The banking sector has highlighted perceived quality, customer happiness, switching cost, customer trust, customer commitment, customer engagement, and corporate image as predictors of consumer brand loyalty. Understanding the many aspects that impact customer attitudes and actions towards brands is crucial while attempting to comprehend the brand perception of literature in the Philippines. Numerous researches offer insightful information on this subject. For example, Nagaynay & Lee (2020) talk about the connection between urban renewal, place branding, and the narratives of important players in the Philippines. Because it examines how impressions of a location might affect brand perception, this study is pertinent. Furthermore, to shed light on the influence of co-branded collectibles on brand perception, Santos & Vergara (2023) investigate customer impressions of the brand partnership between Jollibee and Funko.

Various studies have explored this subject, illuminating the influence of several components on the impression of a brand. In their investigation into how cuteness and coolness affect consumers' perceptions of the quality of digital products, Li et al. (2021) discovered that while coolness is linked to competence, cuteness is more likely to foster feelings of brand friendliness. This study offers insightful information on how particular product characteristics might affect consumers' perceptions of brands. Furthermore, Dong & Yu (2020) underlined the significance of researching global brand perception based on the nation of origin in the competitive landscape by researching the globalization or localization of global brand perception in developing markets. The present study underscores the need to consider cultural and market-specific elements when examining brand perception across various geographies. (Et al., Dalangin 2020). examined sports consumer behavior concerning non-sporting companies, emphasizing the usefulness of concepts like brand image and purchase intents in the context of the Philippines. Astana and colleagues, (2022). examined the relationship between brand trust and image and consumer loyalty in Indonesia, offering insights into the effect of favorable brand perception and image on consumer purchases and loyalty.

Cross-selling plays a crucial role in financial services, and credit bureaus have emerged in the financial sector to support the effectiveness of credit institutions in tasks like credit limit management, debt collection, risk-based pricing, and fraud prevention (Nikolaidis & Doumpos, 2022). Lastly, research has shown that the perception of one's capacity for combat has a strong cross-cultural influence on one's ability to get resources, underscoring the need to take cultural quirks into account while developing cross-selling and sales tactics. The research also emphasizes how crucial it is to keep a focused mindset to increase breakthroughs in deepening, upselling, and cross-selling, in that order. Furthermore, research on the impact of cultural intelligence on cross-cultural sales presentations and sales self-efficacy has shown the importance of cultural considerations when it comes to cross-selling. Charoensukmongkol & Pandey (2020). Furthermore, research indicates that cross-selling, which aims to offer several product categories to exploit underutilized capabilities completely, might be an essential revenue management approach in the hotel and tourist industries.

The Philippines' literature has examined cross-selling opportunities in several fields, including marketing, business, and economics. According to Salas-Vallina et al. (2020), cross-selling is a well-known method in the literature that involves pitching extra goods or services to current customers to boost revenue. Presented a Motivation-Opportunity-Ability (MOA) framework, emphasizing the concurrent use of cross- and up-selling and customer service providing as well-liked business strategies. By investigating opportunities with possible customers, this strategy enhances overall performance (Borjali et al., 2021). According to Parihar and Dawra (2020), the purchase-related component of customer involvement in travel services comprises upselling, cross-selling, and repeat purchases. This emphasizes how important customer interaction is in creating prospects for cross-selling. Studying the financial performance of rice farmer cooperatives in the Philippines has revealed institutional issues that limit their ability to make a profit, which highlights the opportunities and difficulties associated with cross-selling in agricultural cooperatives (Dimas et al., 2022). Cross-selling has wider implications outside of traditional business settings. Cavazos-Arroyo and Puente-Díaz (2023) analyzed the impact of selling capability and long-term strategic orientation on cross-selling strategies and their impact on the social impact of hybrid social enterprises.

Diverse in nature, the notion of customer experience encompasses behavioral, emotional, cognitive, sensory, and social reactions at every stage of the customer journey (Barbu et al., 2021) Organizations that overlook the customer experience risk missing out on chances to improve customer satisfaction and loyalty (Salim & Rodhiah, 2021). It is stressing that this is a way to develop a faithful customer base. Padillo et al. (2021) addressed the paucity of research on customer loyalty in single-dish restaurants in the Philippine setting, highlighting the need for a more thorough knowledge of the customer experience in this subsector.

Their findings can inform business strategies to enhance customer experience and foster brand loyalty in this subsector. Moreover, Williams (2022) emphasized that the customer experience is comprised of several touchpoints, such as in-person and virtual encounters, merchandise, and customer support. All these instances highlight how multifaceted customer experience is and how important it is to many businesses. Customer experience, or CX, has grown to be important to companies in several different sectors. Several studies have stressed how important it is to include customer experience in the management and design processes (Ivanovska et al., 2022). The growing recognition of the importance of customer experience has resulted in companies making concerted efforts to improve their CX strategies to deliver better experiences to their customers. By incorporating CX into their management and design processes, companies can create a customer-centric approach that ultimately leads to higher customer satisfaction and loyalty. According to Makudza (2020), virtual, in-person, and service interactions all play important parts in the banking industry's customer experience management's substantial influence on customer loyalty. Meanwhile, Brucal et al. (2022) investigated how pricing, business image, and service quality affected customer happiness in Philippine accounting companies, offering insights into the relationship between customer satisfaction and accounting firms' service quality (Jabutay et al., 2022). examined the links between emotional weariness, turnover intent, perceived customer unfriendliness, and the stress-strain-outcome model in contact centers situated in the Philippines. These studies provide insightful information on the Philippine accounting and call center industries' customer experiences. The quality of services, customer trust, customer relationship management, customer value, and customer experience are just a few of the variables that affect customer happiness, which is a critical component of corporate success. Customer happiness is positive and significantly impacted by service quality and customer trust.

Furthermore, Dudziak et al. (2022) discussed the use of sophisticated models to gauge customer loyalty and satisfaction, such as the European Performance Satisfaction Index (EPSI) and the American Customer Satisfaction Index (ACSI). In the Philippines, a study on the factors influencing Filipino online shoppers' satisfaction with Lazada during the COVID-19 pandemic showed how crucial it is to comprehend the connection between purchasing decisions and customer satisfaction, particularly in the context of e-commerce (Prasetyo & Fuente, 2020). Considering it has a direct influence on customer loyalty and retention, customer happiness is a critical component of corporate success. Numerous scholarly investigations have examined the determinants of customer satisfaction and their consequences for customer loyalty in diverse industry contexts. Discovered that a customer's location, pricing, and service quality all have a big impact on their level of happiness and loyalty. Like this, Kusumawati & Rahayu (2020) emphasized the significance of customer loyalty in the hotel, tourism, and aviation sectors as a function of customer happiness. Like this, studies on how microlending affects borrowers' financial, personal, and business circumstances have focused on the importance of service satisfaction as a mediator and how it affects small-scale enterprises in the Philippines (Gabriel et al., 2021). Microlending has been studied extensively to understand its impact on borrowers' financial stability, personal growth, and business success. One such study conducted in the Philippines highlights the significance of service satisfaction as a mediator for achieving positive outcomes through microlending.

Carolina & Yasa (2020) emphasized conflicting findings in several studies about the relationship between customer happiness and loyalty, highlighting the complexity of this relationship and the need for more research in this area. The relationship between customer satisfaction and loyalty is a crucial aspect of any business. Although research has yet to fully understand this complex relationship, businesses need to prioritize both customer satisfaction and loyalty to succeed. The study conducted by Flores et al. highlights the importance of not only providing high-quality services but also ensuring that customers derive pleasure from the service experience. The findings suggest that customer pleasure mediates the link between service quality and customer loyalty, indicating that businesses should prioritize enhancing customer satisfaction to foster strong and lasting customer relationships.

Synthesis : Relative to the literature, references, and studies presented, Temenos (2022), Arnott (2022), Musaev, and Nurjanah (2021) assert that the relentless pace of innovation poses significant challenges for industries striving to maintain customer loyalty. They argue that numerous new market entrants are capitalizing on these innovative advancements to attract, acquire, and expand their customer networks. This influx of innovative competitors intensifies the pressure on established industry players to adapt and innovate continuously to retain their customer base amidst evolving market dynamics. Lorenzana et al., (2021) and Smith (2020) are aligned in their observation of the rapid acceleration of digitalization within the banking sector. Their collective insight emphasizes the burgeoning significance of digital channels and underscores the critical need for banks to pivot in response to evolving consumer behaviors and market dynamics. In light of continually shifting customer expectations, it becomes paramount for banks to channel investments toward enhancing

digital infrastructure and fostering customer-centric initiatives. This strategic emphasis is essential for banks to sustain competitiveness amidst the ever-evolving landscape of the digital marketplace. As emphasized by Ali (2023), Floco (2023), Quintos (2023), and Rendell (2022), addressing concerns related to innovation in the banking sector and its impact on customers is of utmost importance. Consequently, ensuring the security of these platforms is crucial to maintaining the integrity and confidentiality of customer data. Furthermore, banks recognize the significance of proactive risk management and compliance with regulatory standards to uphold the trust and confidence of their clientele. By adhering to stringent security protocols and industry best practices, banks demonstrate their dedication to protecting customer interests and preserving the integrity of the financial system.

The research conducted by Hassan et al., (2023), Pacala et al., (2022), and Wong (2020) highlights the critical importance of innovation in customer education. It's imperative that customers grasp how to navigate digital platforms, utilize new features, and access various banking services effectively. Without adequate education, customers may feel overwhelmed or hesitant to embrace innovative offerings, which can ultimately hinder adoption rates and limit the potential for long-term customer loyalty. Hence, investing in innovative customer education strategies is essential for empowering customers to engage fully with evolving banking services and technologies, thereby enhancing their overall banking experience and fostering lasting loyalty. Chen (2022), Impas (2021), and Sarsale (2020) bring to light a critical aspect of contemporary banking dynamics: while technological innovations undoubtedly enhance operational efficiency and convenience for customers, the mere integration of these innovations isn't sufficient to secure long-term customer loyalty. The trio emphasizes the indispensable role of service excellence in tandem with technological advancements to truly drive customer loyalty within the banking sector. The authors assert that exceptional service quality doesn't merely serve as a means of differentiation; it forms the very foundation of customer loyalty. In an era where customers have myriad options at their fingertips, they gravitate towards banks and financial institutions that not only offer innovative solutions but also prioritize their individual needs and preferences. By prioritizing service quality, banks can cultivate a loyal customer base that perceives them not merely as service providers but as trusted partners in their financial journeys.

Financial institutions can acquire valuable insights into customer preferences, behaviors, and needs by actively involving customers at every stage of their banking engagement. Johnson (2023) and Garzaro (2020) mentioned how banks are increasingly investing in customer-centric initiatives aimed at deepening relationships, building trust, and enhancing customer engagement. Lee (2023), Santos et al., (2023) and Nagaynay (2020) explore various factors that affect customer attitudes and behaviors towards brands, which is crucial for understanding brand perception. Brand perception significantly influences how customers perceive a bank's innovation capabilities. Banks known for innovation and forward-thinking are seen as more trustworthy, credible, and customer-centric. This perception can lead to higher levels of customer engagement, openness to trying new products and services, and advocacy for the bank's brand. Diaz (2021) and Salas-Vallina (2020) emphasize that banks are increasingly prioritizing cross-selling as a strategic approach to strengthen customer relationships, boost revenue growth, and augment customer lifetime value. This trend reflects a shift in banking strategies towards a more holistic understanding of customer needs and preferences. By cross-selling additional products or services to existing customers, banks aim to deepen engagement and loyalty while simultaneously driving financial performance. Moreover, cross-selling allows banks to capitalize on their existing customer base, leveraging trust and familiarity to introduce new offerings effectively. This strategic focus underscores the importance of nurturing long-term relationships with customers and maximizing the value derived from each interaction.

By consistently exceeding customer expectations, banks can cultivate strong brand loyalty and advocacy, ultimately driving sustained growth and success in the dynamic banking industry. As agreed Chang (2022) and Williams (2022), captioned the importance of banks prioritizing the delivery of exceptional customer experiences, recognizing it as a pivotal strategy for differentiation in today's fiercely competitive market landscape. By focusing on providing outstanding customer experiences, banks can not only attract new customers but also retain existing ones. In a market where consumers have numerous options, the ability to offer memorable and personalized experiences becomes a key differentiator for banks seeking to stand out. Slijepčević (2022), Salim, and Rodhiah (2021) stress the importance of high levels of customer satisfaction are strongly correlated with increased customer loyalty, advocacy, and retention. Banks that are actively listening to customer feedback and addressing their concerns as a means to enhance satisfaction levels and cultivate stronger, more meaningful relationships with customers. In today's competitive banking landscape, prioritizing customer satisfaction serves as a fundamental strategy for developing a faithful customer base. By

demonstrating attentiveness to customer needs and promptly resolving issues, banks can instill confidence and trust in their services, fostering loyalty and long-term relationships. Customer satisfaction goes beyond mere transactional interactions; it reflects a commitment to understanding and meeting the evolving needs and expectations of customers. Through this customer-centric approach, banks can establish themselves as trusted partners in their customers' financial journeys, ultimately driving mutual growth and success.

Research Gap : Despite the considerable body of research indicating a positive correlation between innovation and customer loyalty within the banking sector, there remains a critical need to delve deeper into the unique dynamics at play within institutions like the Bank of the Philippine Islands (BPI). In the contemporary banking landscape, characterized by rapid technological advancements and shifting consumer preferences, understanding the intricate interplay between innovation initiatives, digitalization efforts, trust and safety protocols, customer education strategies, and service quality standards is paramount. These elements collectively form the foundation upon which customer loyalty is constructed at BPI. However, existing literature falls short of elucidating how these multifaceted factors are perceived and evaluated by both customers and employees within the context of BPI. Without a comprehensive understanding of these dynamics, it is challenging to develop effective strategies that nurture and sustain customer loyalty in the face of evolving market demands. Hence, there is an urgent need for research aimed at uncovering the nuanced perspectives and priorities of BPI's customers and employees regarding innovation, digitalization, trust, safety, education, and service quality. By addressing this research gap, we can gain valuable insights that not only shed light on the intricacies of customer loyalty within BPI but also provide actionable recommendations to enhance the bank's competitiveness and resilience in an increasingly competitive and dynamic banking landscape.

III. RESEARCH METHODOLOGY

This chapter presents the relevant procedures that will be used in the data gathering and analysis. It contains and describes the research design, sampling procedure, instruments used, data gathering procedures, and statistical analysis of data.

Research Design : In this study, the researcher employed a descriptive correlational research approach. This method focuses on identifying relationships between variables without implying causation, aiming to unveil patterns and connections among various relevant factors. According to Aprecia et al., (2022), “A **descriptive correlational research** is specifically focused on describing variables and measuring the extent of the relationships that exist between them. This type of research involves collecting data on multiple variables without manipulating them and then analyzing the data to identify any patterns of association or correlation between the variables. The goal is to provide a detailed description of how the variables are related to each other without making causal inferences. This method helped gather data on the variables, understand their connections, and assess their impact. With this descriptive correlational approach, the Bank of the Philippine Islands made informed choices to boost customer satisfaction and loyalty, making them more competitive in banking. They learned how innovation affected customer loyalty, shaping their future strategies.

Research Locale : The study was conducted in the Bank of the Philippine Islands Binan Cluster. It offered a targeted approach to understanding the interplay between innovation and customer loyalty within a specific operational context. By focusing on this geographical area, the researcher could uncover localized insights that contributed to a deeper understanding of customer behavior and preferences, ultimately informing strategic decision-making and driving organizational effectiveness within the Bank of the Philippine Islands Binan Cluster.

Research Respondents : A total of 121 BPI Binan Cluster employees and consumers participated in the survey. Respondents were divided: into 33 employees and 88 customers. For a representative sample, stratified random sampling was used. This strategy improves sample accuracy by splitting the population into strata and randomly choosing respondents from each subgroup in proportion to their population size. Employees made up 27.3% of the population and consumers 72.7%, hence the sample of 33 respondents was split into 9 employees and 24 customers. Employee subgroup samples were sorted by branch to maintain proportionality. Each branch's share of employees determined the number of responders. The table below displays the selected respondent distribution:

Group	Total Population	Proportion (%)	Number Selected
Employees	33	27.3	9
- BPI Pavilion	8	24.2	2
- BPI Capinpin	6	18.2	2
- BPI Southwoods	8	24.2	2
- BPI Pacita	11	33.3	3
Customers	88	72.7	24
Total	121	100.00	33

Instrumentation and Validation : In this investigation into Leveraging Innovation and Customer Loyalty at the Bank of the Philippines Islands, the questionnaire served as the primary tool for data collection. This self-made questionnaire was meticulously crafted by the researcher, it was structured into three essential sections. The first segment delved into the multifaceted dimensions of leveraging innovation, followed by an in-depth exploration of customer loyalty in the second part. The final section was dedicated to capturing demographic information about the respondents. Before its distribution, the questionnaire underwent a rigorous validation process, which included thorough evaluation by the research adviser and evaluation by field experts. Additionally, a pilot test was conducted to ensure its effectiveness and relevance. The reliability of the questionnaire was assessed through a pre-test survey, utilizing the Cronbach Alpha coefficient. The results underscored its robustness, with a Cronbach Alpha of 0.900 for innovation manifestation and an impressive 0.998 for customer loyalty, highlighting its outstanding reliability across both dimensions.

Evaluation and Scoring : To determine the manifestation of Leveraging Innovation in the Bank of the Philippine Islands, the following adapted numerical rating, numerical range, categorical response, and verbal interpretation were used:

Numerical Rating	Numerical Range	Categorical Response	Verbal Interpretation
4	3.25-4.00	High	Highly Manifested
3	2.50-3.24	Moderated	Manifested
2	1.75-2.49	Low	Moderately Manifested
1	1.00-1.74	Not applicable	Not Manifested

To determine the level of respondents' customer loyalty in the Bank of the Philippine Islands, the following adapted numerical rating, numerical range, categorical response, and verbal interpretation were used:

Numerical Rating	Numerical Range	Categorical Response	Verbal Interpretation
4	3.25-4.00	Very Satisfied	Very Likely
3	2.50-3.24	Satisfied	Likely
2	1.75-2.49	Dissatisfied	Unlikely
1	1.00-1.74	Very Dissatisfied	Very Unlikely

Data Gathering Procedure : The researcher obtained a letter from Pamantasan ng Cabuyao, which was used to endorse her to the Bank of the Philippine Islands Binan cluster employees and customers and to seek permission to provide the data and information relevant to this study, which was utilized with the utmost confidentiality as banks are bound by R.A. 1405, which is the Law on Secrecy of Deposit. The researcher asked permission from the Bank of the Philippine Islands by serving a formal letter addressed to the Assistant Vice President. The researcher used the questionnaire as a data-gathering tool for this research study. Copies of the questionnaire were distributed to Bank of the Philippine Island Binan Cluster employees and customers through personal distribution. Once accomplished, these were gathered again by the researcher for tallying and provided to the statistician for tabulation.

Statistical Treatment of Data : The following statistical tools were used to process and analyze the data that was gathered to know the level of manifestation of leveraging innovation and customer loyalty in the Bank of the Philippine Islands: Weighted mean was used to determine the level of manifestation of leveraging innovation and customer loyalty. This method facilitated a comprehensive evaluation by considering the varying degrees of importance assigned to different aspects within each category.

Percentage and ranking were used to determine the profile of the respondents. This approach facilitated a thorough understanding by assigning numerical values to various demographic characteristics, allowing for nuanced analysis and interpretation of the data collected. Pearson R was used to determine the relationship between leveraging innovation and customer loyalty in the Bank of the Philippine Islands and the direction of that correlation. This statistical method enabled the examination of the strength and nature of the association between these two variables, offering valuable insights into how innovation strategies influence customer loyalty dynamics in the banking sector.

Ethical Considerations : The following ethical issues were taken into account by the researcher as she fostered this study. The ethical considerations of the study were observed throughout the research endeavor. The relevant authorities were informed to formally request permission for data collection. Both employees and customer respondents were provided with the option to provide their informed consent, assuring that their identities would be kept confidential. To ensure ethical research practices, the researcher obtained informed consent from the participants. The employees and customers were provided with the opportunity to voluntarily participate in the research or decline involvement. Individuals who decided to participate in this endeavor retained the freedom to discontinue their involvement at any given point without incurring any negative consequences or repercussions. Both employees and customers also had the option to refrain from responding to questions that elicited discomfort while actively engaging in the research endeavor. The participants were provided with a questionnaire about the topic of leveraging innovation as the basis of customer loyalty in the Bank of the Philippine Islands.

IV. RESULTS AND DISCUSSION

This chapter presents the results and discussion of the data gathered to discuss the answers to the research problems of the study. The discussion follows the sequence of how the statement of the problem is presented in the first chapter. The tables below discuss the level of the Bank of the Philippine Islands' manifestation of leveraging innovation as assessed by the bank employees and customers of the Bank of the Philippine Islands.

1. The Level of Manifestation of Leveraging Innovation

Table 1.1

The level of Manifestation of Leveraging Innovation in terms of digitalization

Indicators	Employees		Customers		Combined mean	
	x	Interpretation	x	Interpretation	x	Interpretation
BPI proactively embraces innovative digital solutions, including the launch of its e-wallet app, the newest investment platform (BPI trade), BPI Bizko, and BPI Bizlink	3.8788	HIGHLY MANIFESTED	3.76	HIGHLY MANIFESTED	3.82	HIGHLY MANIFESTED
BPI effectively integrates technological tools into its processes to enhance customer experience and satisfaction, including e-transaction queueing, online appointment scheduling, etc.	3.7879	HIGHLY MANIFESTED	3.7	HIGHLY MANIFESTED	3.74	HIGHLY MANIFESTED
BPI actively makes adequate technological advancements to maintain its competitiveness in the banking industry.	3.8182	HIGHLY MANIFESTED	3.83	HIGHLY MANIFESTED	3.82	HIGHLY MANIFESTED

BPI often upgrades its online banking systems to include new functions and address customer needs, such as the online ATM/checkbook request function, significant deposit alerts, financial insights, etc.	3.7576	HIGHLY MANIFESTED	3.7	HIGHLY MANIFESTED	3.73	HIGHLY MANIFESTED
Composite mean	3.81	HIGHLY MANIFESTED	3.75	HIGHLY MANIFESTED	3.78	HIGHLY MANIFESTED

Legend: 3.25 - 4.00 Highly Manifested (HM) 2.50 - 3.24 Manifested (M) 1.75- 2.49 Moderately Manifested (MM) 1.00 - 1.74 Not Manifested (NM)

Table 1.1 shows the combined mean scores show that BPI's digital innovation initiatives are highly visible across metrics. BPI's aggressive use of new digital technologies and technical improvements to stay competitive had the highest combined mean of 3.82. Following this are successful technological integration (3.74) and frequent online banking system improvements (3.73). The composite mean is 3.78, suggesting great digital innovation. These results indicate that BPI's digital activities are valued by employees and customers. BPI's excellent ratings in embracing digital solutions and retaining competitiveness indicate that it is leveraging technology to suit customer requirements and lead the banking sector. Integrating technology tools and modernizing online banking systems scored somewhat lower, indicating opportunities for continued improvement to increase customer happiness and operational efficiency. Digital financial services boost customer trust and happiness, underscoring the relevance of technical improvements, according to Ali et al. (2022). BPI should invest in cutting-edge technology and assess its technical initiatives to sustain and develop digital innovation. This includes frequent upgrades and enhancements to its online banking systems and full customer education and assistance. By doing so, BPI can keep its digital solutions user-friendly and satisfy customers' changing demands, supporting innovation and long-term success.

Table 1.2
The Level of Manifestation of Leveraging Innovation in Terms of Trust and Safety

Indicators	Employees		Customers		Combined mean	
	X	Interpretation	X	Interpretation	x	Interpretation
In every customer transaction, BPI actively respects and safeguards the privacy of customer data, adhering to RA 1405 Bank Secrecy Law.	3.85	HIGHLY MANIFESTED	3.82	HIGHLY MANIFESTED	3.83	HIGHLY MANIFESTED
BPI improves online transaction security by using multi-factor authentication, including the use of OTP and mobile keys.	3.91	HIGHLY MANIFESTED	3.91	HIGHLY MANIFESTED	3.91	HIGHLY MANIFESTED
BPI promptly notifies customers about any suspicious activities or transactions on their accounts through e-notifications.	3.67	HIGHLY MANIFESTED	3.55	HIGHLY MANIFESTED	3.61	HIGHLY MANIFESTED

The presence of robust security features, such as encryption and firewalls, on BPI's digital platforms reassures customers.	3.76	HIGHLY MANIFESTED	3.74	HIGHLY MANIFESTED	3.75	HIGHLY MANIFESTED
Composite mean	3.80	HIGHLY MANIFESTED	3.76	HIGHLY MANIFESTED	3.78	HIGHLY MANIFESTED

Legend: 3.25 - 4.00 Highly Manifested (HM) 2.50 - 3.24 Manifested (M) 1.75- 2.49 Moderately Manifested (MM) 1.00 - 1.74 Not Manifested (NM)

Table 1.2 shows the mean scores show that BPI's trust and safety innovation is evident across all measures. BPI's multi-factor authentication to secure online transactions had the highest combined mean (3.91), followed by data privacy (3.83), and comprehensive security measures (3.75). At 3.61, quick customer notice of suspected activity was the lowest but most evident. A high composite means of 3.78 indicates good trust and safety measures. These findings suggest that BPI's trust and safety procedures are valued by employees and customers. High ratings in multi-factor authentication and data privacy show that BPI is tackling significant security issues, which is crucial for customer confidence. The somewhat lower prompt notification score implies account security communication needs to be improved. Quintos (2023) states that digital banking services must have strong security to sustain customer trust. BPI should invest in innovative security solutions and comply with data protection legislation to maintain confidence and safety. This includes using strong multi-factor authentication, upgrading encryption and firewall technologies, and strengthening e-notifications to notify customers of questionable activity. BPI can boost customer trust and loyalty by improving security.

Table 1.3

The Level of Manifestation of Leveraging Innovation in terms of Customer Education

Indicators	Employees		Customers		Combined mean	
	X	Interpretation	x	Interpretation	x	Interpretation
BPI regularly conducts programs and seminars, open to everyone, to inform customers about financial literacy, known as Financial Wellness Programs.	3.76	HIGHLY MANIFESTED	3.52	HIGHLY MANIFESTED	3.64	HIGHLY MANIFESTED
BPI customers can learn about new banking services and features by accessing webinars or interactive tutorials through the bank's social media platforms, such as Facebook, Instagram, and TikTok accounts.	3.64	HIGHLY MANIFESTED	3.51	HIGHLY MANIFESTED	3.57	HIGHLY MANIFESTED
BPI employees go above and beyond to help customers understand and make use of the latest technological advancements through caravans and different roadshows.	3.64	HIGHLY MANIFESTED	3.72	HIGHLY MANIFESTED	3.68	HIGHLY MANIFESTED

BPI empowers customers to make informed investments and financial decisions by providing educational content on the latest financial trends, such as BPI Investment Day #BPIInvestedInYou, available on its YouTube channel.	3.64	HIGHLY MANIFESTED	3.57	HIGHLY MANIFESTED	3.60	HIGHLY MANIFESTED
Composite mean	3.67	HIGHLY MANIFESTED	3.58	HIGHLY MANIFESTED	3.62	HIGHLY MANIFESTED

Legend: 3.25 - 4.00 Highly Manifested (HM) 2.50 - 3.24 Manifested (M) 1.75- 2.49 Moderately Manifested (MM) 1.00 - 1.74 Not Manifested (NM)

Table 1.3 shows the combined mean scores show that BPI's customer education innovation is very evident across all parameters. BPI personnel going above and beyond to help customers understand and use the latest technology earned the highest combined mean (3.68), followed by financial literacy programs (3.64), financial trend education (3.60), and webinars or interactive lessons (3.57). The composite mean is 3.62, suggesting excellent customer education efforts. These results indicate that BPI's customer education efforts are valued by employees and customers. BPI's excellent employee efforts and financial literacy ratings indicate that it is training its customers to make educated financial decisions. Webinar and interactive instructional grades are slightly lower, suggesting room for improvement in customer education via digital platforms. Building trust and confidence in online and mobile banking platforms requires educating users about digital banking capabilities, according to Wong (2020). BPI should invest in comprehensive training programs and update its content to reflect the newest financial trends and technology to improve customer education. This includes making webinars and interactive lessons more accessible on social media. BPI can improve customer happiness and loyalty by giving customers the information they need to make financial decisions.

Table 1.4

The Level of Manifestation of Leveraging Innovation in terms of Service Quality

Indicators	Employees		Customers		Combined mean	
	x	Interpretation	x	Interpretation	x	Interpretation
To provide seamless and dependable service delivery to customers, BPI consistently invests in modernizing its technology infrastructure.	3.82	HIGHLY MANIFESTED	3.77	HIGHLY MANIFESTED	3.80	HIGHLY MANIFESTED
BPI offers innovative channels for customer feedback and suggestions, ensuring that customer voices are heard and valued in service improvement efforts such as the Net Promoter Score	3.82	HIGHLY MANIFESTED	3.76	HIGHLY MANIFESTED	3.79	HIGHLY MANIFESTED

Survey and Target Process Map Survey.						
To give customers prompt support and assistance, BPI utilizes cutting-edge customer care channels that are accessible, including chatbots and virtual assistants like BPI BEA.	3.70	HIGHLY MANIFESTED	3.66	HIGHLY MANIFESTED	3.68	HIGHLY MANIFESTED
BPI employees demonstrate a deep understanding of innovative financial products and services, enabling them to provide tailored solutions to meet customers' needs.	3.7	HIGHLY MANIFESTED	3.72	HIGHLY MANIFESTED	3.71	HIGHLY MANIFESTED
Composite mean	3.76	HIGHLY MANIFESTED	3.73	HIGHLY MANIFESTED	3.74	HIGHLY MANIFESTED

Legend: 3.25 - 4.00 Highly Manifested (HM) 2.50 - 3.24 Manifested (M) 1.75- 2.49 Moderately Manifested (MM) 1.00 - 1.74 Not Manifested (NM)

Table 1.4 shows the combined mean scores show that BPI's service quality innovation initiatives are extremely evident across all categories. Modernizing its IT infrastructure and giving new customer feedback channels had the highest combined means (3.80 and 3.79). Innovative customer service and financial product knowledge were scored well (3.68 and 3.71, respectively). The composite mean is 3.74, suggesting good service quality initiatives. These findings indicate that BPI's service quality efforts are valued by both employees and customers. The strong scores in technological infrastructure modernization and customer feedback channels indicate that BPI is improving service delivery and engagement. Lower ratings for customer service channels and financial product expertise suggest areas for improvement to boost customer satisfaction. Chen (2022) states that efficiency and convenience from technology-driven innovations and service excellence increase customer loyalty. BPI should invest in current technological infrastructure and creative feedback mechanisms to maintain and improve service quality. This involves improving chatbots and virtual assistants and training employees on new financial goods and services. BPI can increase service performance, customer engagement, and satisfaction, driving innovation and long-term customer loyalty.

The following tables shown below highlight the result in the level of Customer loyalty.

2. The Level of Customer's Loyalty

Table 2.1
The Level of Customer's Loyalty in terms of Customer Engagement

Indicators	Employees		Customers		Combined mean	
	X	Interpretation	x	Interpretation	X	Interpretation
BPI encourages customers to engage with the bank's products and services regularly	3.79	VERY LIKELY	3.72	VERY LIKELY	3.76	VERY LIKELY

through reward programs like BPI Rewards and Real Thrills rewards.						
BPI creates programs and events to celebrate and acknowledge devoted customers, fostering a closer connection between the bank and its customers, such as Bancassurance Week, Mooncake Festival, Dog Day Event with BPI, etc.	3.61	VERY LIKELY	3.57	VERY LIKELY	3.59	VERY LIKELY
BPI uses different social media platforms to interact with customers in real time, creating a feeling of belonging and community among its customers, such as Facebook, TikTok, Instagram, etc.	3.64	VERY LIKELY	3.68	VERY LIKELY	3.66	VERY LIKELY
By utilizing innovative digital platforms, BPI builds better relationships and customer loyalty by providing its customers with seamless and convenient experiences, such as 24/7 BPI Online Banking."	3.73	VERY LIKELY	3.73	VERY LIKELY	3.73	VERY LIKELY
Composite mean	3.69	VERY LIKELY	3.68	VERY LIKELY	3.68	VERY LIKELY

Legend: 3.25 - 4.00 Very Likely (VL) 2.50 - 3.24 Likely (L) 1.75 - 2.49 Unlikely (U) 1.00 - 1.74 Very Unlikely (VU)

Table 2.1 shows that BPI customer engagement activities are likely to increase customer loyalty, according to the aggregate mean ratings. Reward programs for frequent participation had the highest combined mean (3.76), followed by innovative digital platforms for smooth and easy experiences (3.73). Social media to build community (3.66) and programs and events to recognize loyal customers (3.59) also scored well. Engagement activities are likely to build customer loyalty since the composite mean is 3.68. These findings suggest that BPI's customer interaction efforts are building loyalty. Reward schemes and creative digital platforms have good rankings for encouraging frequent involvement and convenience. Social media interactions and celebratory events scored somewhat lower, suggesting opportunities for improvement to boost customer loyalty. According to Johnson (2022) in "The Financial Times," customer interaction encourages stronger connections and

happiness, which boosts innovation and loyalty. To maintain and boost customer involvement, BPI should invest in and grow its incentive programs and digital platforms. This involves improving real-time social media engagement and expanding customer celebration events. BPI can increase customer loyalty and long-term connections by strengthening customer community and belonging.

Table 2.2.
The Level of Customer’s Loyalty in terms of Brand Perception

Indicators	Employees		Customers		Combined mean	
	x	Interpretation	x	Interpretation	X	Interpretation
BPI consistently meets or exceeds customer expectations in all interactions, living up to its brand promise.	3.67	VERY LIKELY	3.66	VERY LIKELY	3.67	VERY LIKELY
Customers entrust their most important financial decisions to BPI because of its strong brand reputation, which has been serving Filipinos since 1851.	3.79	VERY LIKELY	3.75	VERY LIKELY	3.77	VERY LIKELY
Satisfied customers actively endorse the financial solutions and services offered by BPI, often recommending the bank to their families and colleagues.	3.82	VERY LIKELY	3.75	VERY LIKELY	3.79	VERY LIKELY
Customers find comfort in knowing that BPI's digital platforms, including BPI Online, BPI Vyve, BPI Bizko, BPI Bizlink, and BPI Trade, incorporate robust security features like encryption and firewalls.	3.73	VERY LIKELY	3.66	VERY LIKELY	3.70	VERY LIKELY
Composite mean	3.75	VERY LIKELY	3.71	VERY LIKELY	3.73	VERY LIKELY

Legend: 3.25 - 4.00 Very Likely (VL) 2.50 - 3.24 Likely (L) 1.75 - 2.49 Unlikely (U) 1.00 - 1.74 Very Unlikely (VU)

Table 2.2 shows that BPI customer engagement activities are likely to increase customer loyalty, according to the aggregate mean ratings. Reward programs for frequent participation had the highest combined mean (3.76), followed by innovative digital platforms for smooth and easy experiences (3.73). Social media to build community (3.66) and programs and events to recognize loyal customers (3.59) also scored well. Engagement activities are likely to build customer loyalty since the composite mean is 3.68. These findings suggest that BPI's customer interaction efforts are building loyalty. Reward schemes and creative digital platforms have good rankings for encouraging frequent involvement and convenience. Social media interactions and celebratory events scored somewhat lower, suggesting opportunities for improvement to boost customer loyalty. According to Johnson (2022) in "The Financial Times," customer interaction encourages stronger connections and happiness, which boosts innovation and loyalty. To maintain and boost customer involvement, BPI should invest in and grow its incentive programs and digital platforms. This involves improving real-time social media engagement and expanding customer celebration events. BPI can increase customer loyalty and long-term connections by strengthening customer community and belonging.

Table 2.3
The Level of Customer’s Loyalty in terms of Prospects for cross-selling

Indicators	Employees		Customers		Combined mean	
	X	Interpretation	x	Interpretation	X	Interpretation
BPI effectively identifies opportunities to cross-sell additional products during customer conversations, such as credit cards, personal loans, etc.	3.73	VERY LIKELY	3.77	VERY LIKELY	3.75	VERY LIKELY
BPI's cross-selling strategies actively boost customer engagement and loyalty to the bank.	3.76	VERY LIKELY	3.66	VERY LIKELY	3.71	VERY LIKELY
Customers are more inclined to consider additional products or services recommended by the bank, perceiving BPI as a trusted financial advisor.	3.73	VERY LIKELY	3.64	VERY LIKELY	3.69	VERY LIKELY
BPI trains its employees to effectively communicate the benefits and features of cross-sold products or services to customers, facilitating informed decision-making.	3.67	VERY LIKELY	3.74	VERY LIKELY	3.71	VERY LIKELY
Composite mean	3.72	VERY LIKELY	3.70	VERY LIKELY	3.71	VERY LIKELY
<i>Legend: 3.25 - 4.00 Very Likely (VL) 2.50 - 3.24 Likely (L) 1.75 - 2.49 Unlikely (U) 1.00 - 1.74 Very Unlikely (VU)</i>						

Table 2.3 shows the aggregate mean ratings suggesting that BPI's cross-selling activities will boost customer loyalty. The highest combined mean score (3.75) was for spotting cross-selling possibilities during customer talks. BPI's cross-selling initiatives increase customer engagement and loyalty (3.71) and teach employees to convey cross-sold product benefits and features. BPI customers seeking extra products or services rated somewhat lower but still highly probable (3.69). Cross-selling methods are likely to build customer loyalty since the composite mean is 3.71. These findings suggest that BPI's cross-selling efforts are valued by customers and employees, promoting customer loyalty. The high scores for cross-selling and customer interaction indicate that these techniques work well. The somewhat lower ratings for customer desire to seek new items and personnel training suggest opportunities for continued improvement to boost customer loyalty.

Kim (2021) in The Financial Times states that cross-selling methods increase customer lifetime value and

income. BPI should continue to find cross-selling possibilities during customer contacts and increase employee training to sustain and improve cross-selling. This involves ongoing training on cross-sold product benefits and features and using data analytics to better understand customer requirements and preferences. BPI can boost customer engagement, satisfaction, and loyalty by improving its cross-selling initiatives.

Table 2.4
The Level of Customer’s Loyalty in terms of Customer Experience

Indicators	Employees		Customers		Combined mean	
	x	Interpretation	x	Interpretation	x	Interpretation
BPI consistently goes above and beyond by providing excellent customer service every time.	3.67	VERY LIKELY	3.72	VERY LIKELY	3.70	VERY LIKELY
At BPI, employees consistently offer genuine care and empathy to customers, actively listening to understand their needs in every interaction.	3.70	VERY LIKELY	3.70	VERY LIKELY	3.70	VERY LIKELY
Customers value the accessibility and convenience of BPI branches, ATM networks, and online platforms, contributing to a seamless and hassle-free banking experience.	3.70	VERY LIKELY	3.73	VERY LIKELY	3.72	VERY LIKELY
BPI's customer-centric culture is reflected in its dedication to promptly addressing customer concerns, ensuring a consistently positive experience for all customers through the 24/7 Customer Service Hotline.	3.73	VERY LIKELY	3.59	VERY LIKELY	3.66	VERY LIKELY
Composite mean	3.70	VERY LIKELY	3.69	VERY LIKELY	3.69	VERY LIKELY

Legend: 3.25 - 4.00 Very Likely (VL) 2.50 - 3.24 Likely (L) 1.75 - 2.49 Unlikely (U) 1.00 - 1.74 Very Unlikely (VU)

Table 2.4 shows that BPI's customer experience activities are expected to increase customer loyalty based on the aggregate mean ratings. Customer satisfaction with BPI branches, ATM networks, and online platforms had the highest combined mean (3.72), followed by consistently providing excellent customer service (3.70) and employees showing genuine care and empathy in every interaction (3.70). BPI's timely customer service ranked somewhat lower but still extremely probable (3.66). Positive customer experiences are likely to lead to customer loyalty, as the composite mean is 3.69. BPI's customer experience initiatives appear to be extremely effective in promoting customer loyalty. High accessibility, convenience, and customer service rankings indicate that customers value these areas. The significantly lower score for handling customer issues suggests an area for development to improve the customer experience. Chen (2022) in The Harvard Business Review states that customer loyalty requires excellent service and enjoyable experiences. BPI should invest in branches, ATMs, and online accessibility and convenience to maintain and improve customer experience. This involves routinely educating employees to deliver exceptional service and real caring and improving 24/7 Customer Service Hotline response times and solutions.

2.5 The Level of Customer's Loyalty in terms of Customer Satisfaction

Indicators	Employees		Customers		Combined mean	
	x	Interpretation	x	Interpretation	x	Interpretation
BPI consistently goes above and beyond by providing excellent customer service every time.	3.73	VERY LIKELY	3.72	VERY LIKELY	3.73	VERY LIKELY
At BPI, employees consistently offer genuine care and empathy to customers, actively listening to understand their needs in every interaction.	3.85	VERY LIKELY	3.83	VERY LIKELY	3.84	VERY LIKELY
Customers value the accessibility and convenience of BPI branches, ATM networks, and online platforms, contributing to a seamless and hassle-free banking experience.	3.79	VERY LIKELY	3.75	VERY LIKELY	3.77	VERY LIKELY
BPI's customer-centric culture is reflected in its dedication to promptly addressing customer concerns, ensuring a consistently positive experience for all customers through the	3.82	VERY LIKELY	3.78	VERY LIKELY	3.80	VERY LIKELY

24/7 Customer Service Hotline.						
Composite mean	3.80	VERY LIKELY	3.77	VERY LIKELY	3.78	VERY LIKELY

Legend: 3.25 – 4.00 Very Likely (VL) 2.50 – 3.24 Likely (L) 1.75 – 2.49 Unlikely (U) 1.00 – 1.74 Very Unlikely (VU)

Table 2.5 shows the aggregate mean ratings suggesting that BPI's customer satisfaction efforts will increase customer loyalty. Genuine care and empathy got the highest combined mean (3.84), followed by BPI's customer-centric culture in swiftly addressing customer problems (3.80) and customers recognizing BPI's accessibility and convenience (3.77). Maintaining high customer service scores significantly lower but still likely (3.73). High customer satisfaction and the composite mean of 3.78 indicate strong customer loyalty. These findings suggest that BPI's customer satisfaction efforts are extremely effective in building loyalty. High ratings for real care, empathy, and a customer-centric culture show these areas are crucial to customer happiness. The slightly lower score for exceptional customer service suggests that ongoing improvement might boost customer satisfaction. Customer satisfaction and loyalty require high-quality services and a customer-centric culture, according to Dudziak et al. (2022). BPI should keep teaching employees to show empathy and understand customer demands to maintain and enhance customer happiness. This involves improving branch, ATM, and internet accessibility and convenience. BPI may improve customer happiness and loyalty by enhancing response times and solutions through the 24/7 Customer Service Hotline.

3. Demographic profile of the respondents

Table 3.1
Demographic profile of respondents in terms of Age

Age Group	f	%	Rank
25 & below 25 years old	8	6.61157	4
26 to 30 years old	51	42.14876	1
31 to 40 years old	30	24.79339	3
40 years old and above	32	26.44628	2
TOTAL	121	100	

Table 3.1 shows the age demographics indicate that the largest customer segment for BPI consists of young adults aged 26 to 30. This presents a prime opportunity for BPI to focus on innovative banking solutions that emphasize efficiency, convenience, and technological advancements. However, it is also crucial for BPI to cater to the diverse preferences of middle-aged and senior customers, who may have different needs and expectations. Understanding these nuances is essential for BPI to effectively leverage innovation and foster customer loyalty across all age groups. According to Nurjanah (2023), millennials and younger generations are particularly receptive to digital banking solutions, which align with their preference for convenience and seamless experiences. To sustain and enhance customer loyalty, BPI should continue to develop and promote innovative digital banking services tailored to the needs of its younger customers. Simultaneously, BPI should ensure that these innovations are accessible and user-friendly for older customers. This includes offering personalized assistance and educational programs to help senior customers navigate new technologies. By addressing the specific preferences and needs of each age group, BPI can foster a more inclusive and loyal customer base.

Table 3.2

Demographic profile of the respondents in terms of Gender

Gender	f	%	Rank
Male	36	29.75207	2
Female	85	70.24793	1
TOTAL	121	100	

Table 3.2 shows that 70.25 percent of responders are women and 29.75 percent are men. This large gender gap suggests BPI has more female customers. The demographic profile reveals BPI's customers are mostly women. BPI may adjust its banking services and marketing to female customers' interests and requirements using this knowledge. BPI may offer specialized financial awareness training and personalized banking solutions to women while remaining gender-neutral. Understanding gender-specific preferences improves consumer happiness and loyalty, according to Chen (2022). BPI should create female-friendly financial products and services using this demographic knowledge. Savings programs, investments, and financial advising services tailored to women's financial goals are examples. BPI may bolster its marketing initiatives to promote these products to existing and potential female customers. BPI can increase customer loyalty and engagement by understanding and meeting the demands of its largely female customer base.

4. Significant difference in the assessment of the two groups of respondents

Table 4

Significant difference in the assessment of the two groups of respondents as to the manifestation of leveraging the innovation of the Bank of the Philippine Islands

Variable	Employees	Customers	Mean Difference	T-test	p-value	Remarks	Decision
Digitalization	3.81	3.75	0.06	0.65	0.416117133	Not significant	Accept Ho
Trust and Safety	3.8	3.76	0.04	0.37	0.631985545	Not significant	Accept Ho
Customer Education	3.67	3.58	0.09	0.64	0.690905454	Not significant	Accept Ho
Service Quality	3.76	3.73	0.03	0.19	0.733484699	Not significant	Accept Ho

Table 4 shows that employees and customers view BPI's innovation differently. All variables, including Digitalization (mean difference = 0.06), Trust and Safety (0.04), Customer Education (0.09), and Service Quality (0.03), have p-values greater than 0.05, indicating no significant differences between employee and customer assessments. The null hypothesis (Ho) is accepted for all variables. These findings suggest that BPI's innovation initiatives are perceived similarly by employees and customers across all dimensions. The lack of substantial discrepancies shows the firm implements and communicates innovation initiatives consistently. Maintaining trust and satisfaction among internal and external stakeholders requires consistency.

Johnson (2022) states that organizational effectiveness and customer happiness depend on employee-customer innovation perception alignment. BPI must communicate its innovation strategies clearly to maintain and improve this alignment. Employee and customer feedback may help discover areas for development and support innovation. BPI can improve its performance and develop a cohesive innovation strategy by preserving this alignment, benefiting both the business and its customers.

5. The significant difference in the assessment of the two groups of respondents

Table 5

The significant difference in the assessment of the two groups of respondents on the level of customer loyalty

Variable	Employee s	Customer s	Mean Difference	T-test	p-value	Remarks	Decision
Customer Engagement	3.69	3.68	0.01	0.06	0.888977279	Not significant	Accept Ho
Brand Perception	3.75	3.73	0.02	0.13	0.632651788	Not significant	Accept Ho
Prospects for cross-selling	3.72	3.71	0.01	0.06	0.852357663	Not significant	Accept Ho
Customer Experience	3.7	3.69	0.01	0.06	0.898818541	Not significant	Accept Ho
Customer Satisfaction	3.8	3.78	0.02	0.14	0.759524948	Not significant	Accept Ho

Table 5 demonstrates the huge discrepancy in BPI employees and customer loyalty ratings. All variables, including Customer Engagement, Brand Perception, Prospects for Cross-Selling, Customer Experience, and Customer Satisfaction, have p-values greater than 0.05. This suggests that employees' and customer's appraisals are similar, supporting the null hypothesis (Ho) for all variables. Results indicate that employees and customers see BPI's customer loyalty activities similarly. This consistency in perception implies BPI's loyalty tactics resonate with internal and external stakeholders. The lack of major disparities emphasizes the need for customer loyalty campaigns to be consistent. Employee and customer perceptions of customer loyalty efforts must match for unified corporate performance and sustained customer happiness, according to Chen (2022). BPI should keep its loyalty program communication open and effective to preserve and strengthen this alignment. Regularly asking employees and customers for input may help improve loyalty programs and keep them relevant. BPI may boost customer happiness and loyalty and succeed long-term by encouraging shared knowledge and appreciation of its loyalty efforts.

6. The significant relationship between independent and dependent variable

Table 6.

The significant relationship between leveraging innovation and customer loyalty

Manifestation of Leveraging Innovation	Level of Customer's Loyalty	r value	p-value	Remarks	Decision
Digitalization	Customer Engagement	0.50	0.105844856	Not significant	Accept Ho
	Brand Perception	0.59	0.355076099	Not significant	Accept Ho
	Prospects for cross-selling	0.54	0.268776582	Not significant	Accept Ho
	Customer Experience	0.49	0.148039988	Not significant	Accept Ho
	Customer Satisfaction	0.49	0.835121889	Not significant	Accept Ho
Trust and Safety	Customer Engagement	0.55	0.142756392	Not significant	Accept Ho
	Brand Perception	0.71	0.410698355	Not significant	Accept Ho
	Prospects for cross-selling	0.63	0.320921504	Not significant	Accept Ho
	Customer Experience	0.68	0.190330949	Not significant	Accept Ho

	Customer Satisfaction	0.63	0.818721668	Not significant	Accept Ho
Customer Education	Customer Engagement	0.66	0.157142314	Not significant	Accept Ho
	Brand Perception	0.64	0.045372014	Not significant	Accept Ho
	Prospects for cross-selling	0.64	0.067997675	Not significant	Accept Ho
	Customer Experience	0.59	0.125450614	Not significant	Accept Ho
	Customer Satisfaction	0.64	0.00193587	Significant	Reject Ho
	Service Quality	Customer Engagement	0.67	0.333854958	Not significant
Brand Perception		0.74	0.747373074	Not significant	Accept Ho
Prospects for cross-selling		0.75	0.619424777	Not significant	Accept Ho
Customer Experience		0.74	0.415089464	Not significant	Accept Ho
Customer Satisfaction		0.76	0.445140228	Not significant	Accept Ho

Table 6 shows that innovation and customer loyalty at BPI are strongly correlated. The strength and significance of the variables' correlations are shown by r and p values, respectively. Most variables have p-values over 0.05, indicating no association. The only significant link is Customer Education and Satisfaction ($r = 0.64$, $p = 0.00193587$). These findings suggest that while innovation in Digitalization, Trust, Safety, and Service Quality is positively received, it does not statistically affect customer loyalty metrics like Engagement, Brand Perception, Prospects for Cross-Selling, and Experience. Customer Education greatly affects Customer Satisfaction, demonstrating that educating customers about banking goods and services is essential for satisfaction. Wong (2020) states that customer education builds trust and contentment. BPI should enhance consumer education to capitalize on this important connection. Interactive lessons, complete financial literacy programs, and individualized instructional content are examples. BPI can boost customer happiness and loyalty by educating them. Additionally, additional innovation techniques should be monitored and evaluated to discover areas for improvement and guarantee they increase consumer loyalty.

7. The Bank of the Philippine Islands Quality Improvement Plan

Table 7.1

The Bank of the Philippine Islands Quality Improvement Plan “Mas Magandang Bukas Hub” Layout



Table 7.1 shows the establishment of Mas Magandang Bukas Hubs as dedicated spaces within BPI branches, aimed at fostering innovative learning and introducing customers to new BPI products and services. These hubs will be led by trusted financial advisors who are well-versed in BPI's offerings and committed to delivering exceptional customer service.

Table 7.2

Mas Magandang Bukas Hub Key Features and Expected Benefits

Key Areas for Improvement	Objectives	Strategy	Specific Activities	Responsible Person	Timeline
Digitalization	Enhance customer experience and efficiency	Integrate advanced digital tools and platforms	<ul style="list-style-type: none"> - Launch a new e-wallet app - Enhance online banking features - Implement digital transaction queueing 	IT Department	Q3 2024 - Q4 2024
Trust and Safety	Strengthen data security and customer trust	Implement robust security measures	<ul style="list-style-type: none"> - Upgrade multi-factor authentication - Conduct regular security audits - Enhance encryption and firewalls 	Security Team	Q2 2024 - Q3 2024
Customer Education	Improve financial literacy and product awareness	Provide educational resources and personalized support	<ul style="list-style-type: none"> - Offer financial literacy workshops - Create interactive tutorials on social media - Provide one-on-one consultations 	Training Department	Q1 2024 - Q2 2024
Service Quality	Ensure high service standards and customer satisfaction	Develop customer-centric service strategies	<ul style="list-style-type: none"> - Conduct customer feedback surveys - Implement a 24/7 customer support hotline - Regularly train employees on customer service best practices 	Customer Service	Ongoing

Table 7.2. shows the Mas Magandang Bukas Hub's key features and Benefits embody BPI's dedication to innovation, customer-centricity, and social responsibility. These dynamic spaces serve as more than just banking facilities; they are vibrant centers of learning, exploration, and collaboration that empower individuals to achieve financial well-being and prosperity. Through the Mas Magandang Bukas Hubs, BPI demonstrates its commitment to fostering innovation by providing customers with hands-on access to cutting-edge banking technologies and services. By actively engaging customers in the exploration of new products and solutions, BPI encourages innovation adoption and drives positive change within the banking industry. Furthermore, these hubs exemplify BPI's customer-centric approach by prioritizing the needs and preferences of customers in every aspect of their design and operation. From personalized consultations with trusted financial advisors to tailored educational workshops and seminars, the MMB Hubs are dedicated to empowering customers with the knowledge and tools they need to make informed financial decisions. The Mas Magandang Bukas Hubs embody BPI's vision of creating a better tomorrow for its customers and the communities it serves. By providing dynamic spaces where innovation, learning, and collaboration thrive, BPI is not only transforming the way people bank but also making a meaningful difference in their lives.

V. SUMMARY OF FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

This section provides a concise overview of the study's significant findings about the research problem. It outlines the key results, conclusions, and recommendations drawn from the statistical analyses conducted in this research.

Summary of Findings : The study was conducted to examine the level of manifestation of leveraging innovation and customer loyalty in the Bank of the Philippine Islands. The following are the findings of the study:

1. The level of manifestation of leveraging innovation by both employees and customers of the Bank of the Philippine Islands revealed a combined composite mean of 3.78; in terms of digitalization, 3.78; in terms of trust and safety, 3.62; in terms of customer education and 3.74; in terms of service quality.
2. The Level of customer loyalty by both employees and customers of the Bank of the Philippine Islands revealed a combined composite mean of 3.68; in terms of customer engagement, 3.73; in terms of brand perception, 3.71; in terms of prospects for cross-selling, 3.69; in terms of customer experience and 3.78 in terms of customer satisfaction.
3. Both age groups and genders exhibit similar responses to innovation initiatives, suggesting that BPI's innovation efforts resonate across different demographic segments. While demographic characteristics might not directly impact customer loyalty in this context, BPI should remain attentive to evolving customer preferences and behaviors to ensure that its innovation strategies remain inclusive and effective in meeting the diverse needs of its customer base.
4. There is no significant difference in the assessment of the two groups of respondents regarding the manifestation of leveraging the innovation of the Bank of the Philippine Islands. This conclusion is based on the p-values obtained from the T-tests conducted for each variable, such as digitalization (0.42), trust and safety (0.63), customer education (0.69), and service quality (0.73), wherein the p-values are greater than the conventional significance level of 0.05. Therefore, we fail to reject the null hypothesis (Ho) that there is no significant difference between the two groups' assessments.
5. There is no significant difference in the assessment of the two groups of respondents on the level of customer loyalty. This conclusion is drawn from the p-values obtained from the T-tests for each variable, where the value of customer engagement is 0.89, brand perception is 0.63, prospects for cross-selling are 0.85, customer experience is 0.90, and customer satisfaction is 0.76. Since all the p-values are greater than the conventional threshold of 0.05, we fail to reject the null hypothesis (Ho) that there is no difference in the assessment of customer loyalty between the two groups. Therefore, the decision is to accept the null hypothesis for all variables, indicating that there is no significant difference in the assessment of customer loyalty between the two groups of respondents.
6. The only manifestation of leveraging innovation that shows a significant relationship with customer loyalty is customer education in terms of customer satisfaction ($r = 0.64$, $p = 0.0019$). For all other manifestations, the correlation between leveraging innovation and customer loyalty is not statistically significant ($p > 0.05$), as indicated by the p values.
7. Overall, both employees and customers of the Bank of the Philippine Islands demonstrate the highest manifestation of leveraging innovation and fostering customer loyalty.

Conclusions

After presenting the findings of the study, the following conclusions were drawn:

1. Continuous investment in technological advancements enhances competitiveness and customer satisfaction.
2. Effective engagement strategies boost loyalty through various programs and digital platforms.
3. BPI's innovation initiatives effectively resonate across various demographic segments, as evidenced by the similar responses from different age groups and genders.
4. The findings decisively show that both respondent groups uniformly perceive the Bank of the Philippine Islands' innovation efforts. This consensus underscores a shared confidence in the bank's innovative strides, emphasizing the broad acceptance and impact of its strategic initiatives.
5. Both respondent groups echo a powerful harmony in perceiving loyalty, transcending any demographic boundaries and affirming a collective understanding that resonates strongly across the board.

6. Analysis emphasizes the importance and the power of customer education in shaping customer loyalty in terms of customer satisfaction.
7. Both Bank of the Philippine Islands employees and customers showcase exceptional commitment to leveraging innovation, resulting in remarkable levels of customer loyalty.

Recommendations

From the findings and conclusions, the researcher recommends the following:

1. The Bank of the Philippine Islands shall integrate innovative practices into every aspect of the bank's operations. By fostering a culture of continuous innovation and technological advancement, the bank can not only stay ahead of the competition but also enhance customer loyalty. This proactive approach ensures that the bank remains relevant and responsive to evolving customer needs, ultimately securing its long-term success in the dynamic banking landscape.
2. Revolutionizing engagement strategies through dynamic, personalized approaches across diverse digital platforms can help the Bank of the Philippine Islands remain relevant in the highly competitive banking market. By harnessing data-driven insights to tailor experiences to each customer's unique preferences and needs, the bank can forge deeper connections, elevate satisfaction levels, and ultimately cultivate unwavering loyalty. Embracing this proactive, customer-centric mindset not only sets the bank apart in today's digital landscape but also ensures sustained growth and relevance in the future of banking.
3. Capitalizing on the wide resonance of BPI's innovation initiatives across different demographic segments presents an opportunity for the bank to reinforce its market leadership. Tailoring marketing strategies and product offerings to cater specifically to the unique preferences and needs of each demographic group can attract new ones. By implementing targeted campaigns and personalized experiences, BPI can deepen engagement, foster stronger connections, and ultimately drive greater loyalty across all customer segments.
4. BPI can continue to refine and enhance its innovative initiatives to meet evolving needs and preferences through active engagement with customers and employees to gather feedback and insights. Additionally, fostering a culture of innovation within the organization, where ideas are encouraged and valued, can fuel ongoing success and differentiation in the market.
5. Crafting tailored loyalty programs is key for BPI to effectively engage diverse demographic segments. By understanding and addressing the unique preferences and needs of each demographic group, BPI can create loyalty programs that resonate deeply with customers, fostering stronger connections and increasing loyalty. This approach ensures that BPI remains relevant and valuable to all customers, regardless of their background or characteristics, ultimately driving long-term success and growth in the competitive banking industry.
6. Investing in comprehensive educational programs like online resources, financial literacy workshops, and personalized guidance can indeed provide BPI with a significant competitive advantage. Integrating educational content into digital platforms ensures accessibility and widens the bank's reach. By empowering customers through education, BPI not only strengthens relationships and builds trust but also distinguishes itself as a customer-centric institution. This proactive approach not only enhances customer satisfaction and loyalty but also solidifies BPI's position as a leader in the banking industry.
7. Creating platforms for active participation from both employees and customers is essential for fostering a culture of innovation at BPI. By encouraging open communication and idea-sharing channels, the bank can tap into the collective insights and creativity of its stakeholders to drive continuous improvement and innovation. This inclusive approach not only strengthens engagement and collaboration but also ensures that innovative ideas are aligned with customer needs and expectations. By nurturing a culture where everyone feels empowered to contribute to enhancing customer experiences, BPI can drive meaningful innovation and strengthen customer loyalty.
8. Future researchers should conduct thorough investigations to explore the intricate relationship between innovation and customer loyalty in the banking sector. Specifically, they should examine the longitudinal effects of innovative initiatives and customer education programs on loyalty over time. Additionally, it is essential to explore emerging factors like social media engagement and personalized banking experiences to provide comprehensive insights for shaping future loyalty strategies. Comparative analyses across various financial institutions will offer valuable benchmarks for optimizing innovation efforts to drive heightened customer loyalty.

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-The Resea

DEDICATION

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