

# Influence of Social Media Marketing on Profitability of Commercial Banks in Mwanza City, Tanzania

Consolata Constantine<sup>1</sup>, Sylvester Jotta<sup>2</sup>, Ngozi Tibuhinda<sup>1</sup>

<sup>1</sup>Department of Accounting and Finance, St. Augustine University of Tanzania, Mwanza, Tanzania

<sup>2</sup>Department of Procurement and Logistics, Marketing and Human Resources Management, St. Augustine University of Tanzania, Mwanza, Tanzania

Email: constantineconsolata739@gmail.com

**How to cite this paper:** Constantine, C., Jotta, S., & Tibuhinda, N. (2024). Influence of Social Media Marketing on Profitability of Commercial Banks in Mwanza City, Tanzania. *Open Journal of Social Sciences*, 12, 389-405.

<https://doi.org/10.4236/jss.2024.1212025>

**Received:** November 14, 2024

**Accepted:** December 20, 2024

**Published:** December 23, 2024

Copyright © 2024 by author(s) and Scientific Research Publishing Inc.

This work is licensed under the Creative Commons Attribution-NonCommercial International License (CC BY-NC 4.0).

<http://creativecommons.org/licenses/by-nc/4.0/>



Open Access

## Abstract

This study aimed at assessing the influence of social media marketing on profitability of commercial banks in Mwanza city, Tanzania. Also, the study employed Performance Theory which guided the study. The methodology for inquiry was a positivist philosophy and a quantitative approach to systematic analysis of the relationship between digital marketing and performance of commercial banks, focusing on 132 employees selected from NMB branches in Mwanza City. Data was collected through structured questionnaires, with a high Cronbach Alpha coefficient of 0.8 which was confirming the reliability of the instruments. The data was analyzed by using SPSS 20<sup>th</sup> version for descriptive and inferential statistics, including regression analysis. The results demonstrate a strong positive correlation between social media marketing (SMM) and the performance of commercial banks, with high mean scores indicating customer engagement, satisfaction, and loyalty resulting from effective marketing strategies to reach their customers. Statistical analyses confirm that SMM significantly influences banking performance, highlighting its critical role in enhancing brand visibility and fostering customer relationships. Overall, the findings emphasized that the essential role of SMM in driving profitability and competitive advantage for commercial banks in the digital age. The study recommends that banks should implement a comprehensive digital marketing strategy that includes influencer partnerships and active engagement which effectively enhance customer loyalty and business performance.

## Keywords

Social Media, Marketing, Profitability, Commercial Banks

## 1. Introduction

Digital marketing is the practice of promoting goods and services online and interacting with customers through digital platforms, thus enhancing brand visibility across a variety of digital media platforms. This is according to [Sathya \(2017\)](#). Digital marketing, according to [Ttrauss and Frost \(2014\)](#), is the process of using electronic data platforms and apps to plan, organize, and carry out the development, offering, selling, and promoting ideas, products, and services with the goal of achieving both personal and business goals. Thus, using online marketing techniques like social media marketing, search engine optimization, and email marketing to promote and sell goods and services those known as digital marketing this is according to [\(Vanweele et al., 2016\)](#). Using social media channels like Facebook, Instagram, LinkedIn, and others to promote goods and services, engage with consumers, and build brand awareness to customers and workers. The tasks like creating content, advertising on social media, and engaging with the community, aids in connecting with the target audience with the goal of creating a brand, boosting sales, and generating website traffic.

National Microfinance Bank (NMB); NMB is a prominent bank in Tanzania, offers a variety of financial services such as personal and business banking, loans, savings accounts, and digital banking services, with a focus on liquidity. The bank operates in both urban and rural areas with the goal of promoting financial inclusion in the country and is one of the commercial banks in Tanzania [\(NMB, 2016\)](#). Commercial banks are the institutions that ordinarily accept deposits from the people and advances loans. Commercial banks provide a range of financial services, including accepting deposits, offering loans, facilitating transactions, and providing investment products to individuals and businesses [\(Selvi & Anitha, 2023\)](#). Bank Performance; the performance of a bank refers to its ability to achieve its goals, generate value for stakeholders, and surpass competitors and is influenced by factors such as market concentration, economic growth, and regulations [\(Hajer & Anis, 2018\)](#).

Moreover, social media marketing is comprised of content sharing which involves posting updates, news, promotions, and other types of content to engage with followers. This content can include text, images, videos, and info graphics [\(Tuten & Solomon, 2017\)](#). Social media advertising involves paying for ads on social media platforms that are tailored to target users based on their demographics, interests, and behaviors. These advertisements are designed to increase brand awareness, drive traffic, and generate leads [\(Kaplan & Haenlein, 2010\)](#). However, there is influencer marketing which entails partnering with social media influencers endorse products or services collaborating to help broaden a brand's outreach and enhance its credibility [\(Brown & Fiorella, 2013\)](#). Finally, there is community engagement which involves interacting with customers through comments, messages, and live sessions and is crucial for fostering a sense of community and building customer loyalty [\(Kietzmann et al., 2011\)](#).

Ki & Kim (2019) in South Korea revealed that collaborations with popular social media influencers positively affected customers' attitudes toward the bank's products and services. The researcher suggested that influencer marketing on social media enhances the appeal and credibility which banking offerings. Meanwhile, Alalwan et al. (2019) indicated that transparency and responsiveness on social media platforms positively influence customer trust and willingness to use banking services. Thus, social media plays a crucial role in building and maintaining trust to customers. In India, Kaur & Gupta (2023) suggested that managing online reviews and encouraging positive feedback are critical for attracting new customers. While revealing the value of positive reviews and social media recommendations in shaping customers' preferences for banking services, it might simplify the details of consumer decision-making. In this regard, while positive feedback can attract more customers, the negative review works in the same way against reputation, and increasingly so if not controlled; thus, asking too much positive review without a strategy against the negative could even be harmful. Therefore, in this study social media marketing significantly enhanced the bank's visibility and customer engagement. Given the increasing use of social media among Tanzanian consumers, NMB can leverage these platforms to share updates, promote services, and interact with customers.

## 2. Statement of the Problem

Digital marketing channels enable banks to reach customers, advertise, improving conversation rates and retention (Deloitte, 2021). Despite the advantages of digital marketing, banks like NMB have experienced evolving needs of their customers. For example, Tik Tok and Instagram Reels are taking over social media feeds, there is a need for short, quick sound bites and short video formats in digital marketing (Behzadi & Bakhtiary, 2022). The impact of digital marketing on the banking sector's performance has been the subject of more study. For instance, Ndayiragiye (2024) investigated how digital marketing affected Rwandan micro-finance firms' financial results. Sofiati et al. (2023) looked into the correlation between digital marketing implementation and increased customer satisfaction in the industry. Ndegwa (2021) concentrated on how Equity Bank Limited's performance in Kenya was affected by electronic marketing tactics. Although earlier research has looked at how digital marketing affecting the performance of banking sectors, little research has been done on the particular digital marketing platform that affects the profitability of commercial banks, such as social media. However, there are some practical issues in using social media marketing by banks include problems related to regulatory compliance, negative feedback (Okaiyeto et al., 2021), Cyber security (Oyewole et al., 2024), professionalism versus engagement, and correct return on investment measurement (Smith et al., 2017). A part from those challenges this paper aims on studying how social media digital marketing platform influence performance of commercial banks with NMB which selected as the case to close the gap.

### 3. Theoretical Review and Empirical Literature Review

#### 3.1. Theoretical Review

This paper hired the Performance theory which was developed by Richard Schechner in the 1960s and 1970s, broadens the concept of performance beyond traditional theatre to include rituals, social interactions, and everyday activities, emphasizing how these performances shape societal norms, identities, and relationships (Sonnentag & Frese, 2001). It posits that all human actions are performative and contextually influenced, suggesting that identity is a dynamic construct shaped by societal roles. A significant aspect is “liveness”, which highlights the ephemeral nature of performances and the reciprocal relationship between performers and audiences, where audience engagement can alter the meaning of the act. While the theory’s flexibility allows for interdisciplinary insights into cultural phenomena, its potential to oversimplify complex human behaviors and neglect deeper psychological factors has drawn criticism (Marshall et al., 2024). In applying this theory to digital marketing in Tanzanian commercial banks, it reveals how platforms like social media create performative spaces for customer engagement, directly impacting brand loyalty and profitability. Furthermore, the usability of online banking interfaces can be seen as a performance affecting customer satisfaction and operational efficiency, while mobile apps enable banks to engage users through tailored notifications and promotions, enhancing customer acquisition and retention. Overall, performance theory offers valuable insights into optimizing digital strategies for improving financial outcomes in a competitive market.

#### 3.2. Empirical Literature Review

##### **The Influence of Social Media Marketing on Profitability of Commercial Banks**

Althuwaini (2022) examines the impact of social media marketing activities on brand trust and brand loyalty in the banking sector in Saudi Arabia. Based on an online survey of 252 users who follow banking services suppliers on social media located in Saudi Arabia, data were collected and analyzed via Smart-PLS (3.0). The findings showed that social media marketing activities, namely customization, entertainment, and promotions, were reported to have the highest impact on trust and loyalty. This study emphasizes the role of trust as mediating brand loyalty in social media marketing. The implications for marketing managerial and future research are discussed. The findings highlight the importance of tailored social media marketing strategies that prioritize customization, entertainment, and promotions to build trust and enhance brand loyalty among users in the banking sector. Marketers should focus on fostering trust through engaging content, as it serves as a critical mediator in developing long-term customer loyalty.

Jayasekara et al. (2020) asserted that banks, like other businesses, should focus on improving response times and provide training programs for customer service representatives to deliver quality, personalized, well-informed, and empathetic

responses. Besides, proactive engagement strategies that include anticipating customer needs through data analytics, offering them tailor-made financial advice, and creating informative content, among others to strengthen customer relationships. Speed in this respect, means that banks have to focus on both the speed and the substance of their social media engagement strategy if a more meaningful and fulfilling customer experience on that drives retention and loyalty.

In Iraq, [Qadir and Fatah \(2023\)](#) studied on the impact of social media advertising on the profitability of SMES in Sulaymaniyah City. The study population considers the total SMEs registered in the Sulaymaniyah Chamber of Commerce & Industry—SCCI. However, the selected sample is a purposive sample, which includes managers of companies who advertise intensively on social media platforms, which are considered by researchers as the best representative of the research population. Based on the findings of the regression and correlation analysis, it appears that, in general, social media has helped the improvement of the sales of goods and services of SMEs and therefore led to an increase in the profit of SMEs in Sulaymaniyah. The results of this current study motivate the researchers to recommend SMEs in Sulaymaniyah that more promotional schemes should be launched and planned to promote e-marketing business by using social media advertising. The study recommends that SMEs in Sulaymaniyah enhance their e-marketing efforts by implementing more strategic promotional schemes through social media advertising to further boost sales and profitability.

According to [Rane et al. \(2023\)](#), some indication from these studies, do categorically reveal better customer attitude and trust toward banking services. It may, however, have failed to take some of the cases scenarios, like the perceived inauthenticity of information or negative feedback. Banks need to be very cautious with their strategies of influencer marketing, and they need to ensure that this discretely aligns with core messages for continuous and authentic credibility. Therefore, to ensure these findings are encouraged further, banks should keep a tight chain on the campaigns and evaluate the effectiveness by seeking direct feedback from the customers and reacting openly and promptly on negative feeling. Other ways would entail incorporating detailed training by the influencers regarding the values and offerings of the bank in order to ensure that the promotions continue to be authentic and be within the expectations of the customer.

The bank can think of having an aligned online reputation strategy towards operationalize it by responding to reviews timely and professionally, whether good or bad ([Singh et al., 2023](#)). They can also facilitate some pre-designed customer satisfaction surveys and even focus groups, which provided valuable, real-time feedback, fostering a culture of transparency not only sharing positive experiences but addressing customer concerns in the best possible way.

Similarly, the effect of social media analytics on marketing plans in Nigerian banks was investigated by [Ahmad et al. \(2022\)](#). According to the study, banks that used social media analytics to comprehend the tastes and behavior of their customers were able to better customize their marketing campaigns. The researchers

emphasized the significance of using data to inform decisions when it comes to social media marketing lead generation and banking success in Nigeria. The study has been able to underline the role that social media analytics could play in coming up with efficient marketing strategies for banks, most especially in a Nigerian setting. Since banks made data-driven decisions, they are better placed to understand the preferences and behaviours of their customers and hence give products that best to meet their needs, communicate with them in the most appropriate language, and provide services which align best with those needs. It tailors the approach to allow for increased customer engagement and resultant brand building and improved performance in banking.

On the basis of such findings, banks should be investing in advanced analytics tools that support real-time tracking of social media conversations, trends, and sentiments. Such advanced tools might identify important segments, track emotion, analyses feedback regarding certain banking products or services, etc., including machine learning algorithms, which are capable of projecting customers' needs and thus adjusting the marketing strategies accordingly, may further enhance predictive analytics. More importantly, it will be vital to train staff in data interpretation and analytics to ensure insights are capably translated into actionable marketing strategies. This approach increases marketing effectiveness, contributes to better organizational performance, and higher customer satisfaction.

Ajina (2019) sought to investigate the impact of social media engagement on customer loyalty within the Saudi banking sector. The research utilized a survey design and employed a questionnaire for data collection. The results indicated a significant positive relationship between customer loyalty and the financial performance of banks. This suggests that the Saudi Arabian banking industry could derive benefits from utilizing social media engagement as it positively influences customer loyalty, thus strengthening their financial standing. Consequently, banks should actively employ social media engagement strategies to boost customer loyalty, potentially leading to an overall improvement in their financial performance.

Additionally, de Oliveira Santini et al. (2020) used a meta-analytic methodology to analyze 814 effect sizes from 97 studies with 161,059 participants in order to study customer engagement in social media (CESM). The results showed that positive feelings, trust, and customer satisfaction rather than commitment are what promote consumer engagement. Furthermore, Twitter has become a social media channel for increasing consumer involvement via happiness and positive feelings. In addition, it was discovered that customer interaction was highly valuable to businesses, having a direct effect on word-of-mouth, behavioral intention, and firm performance. Although the results provide insightful information on the factors driving customer engagement, they somewhat oversimplify the complex interaction between drivers by discounting the potential role of commitment, which could play a more nuanced part in the long-term relationship between customers

and the company. Moreover, the emphasis on Twitter as the only effective social media platform to enhance engagement possibly ignores other platforms that could have potential benefits, thereby narrowing the scope of recommendations which companies can implement. This gap can be filled by this study as the study looked in the tools in enhancing customer engagement in banking performance.

#### 4. Methodology

The research adopted a positivist philosophy, emphasizing objective truth and systematic analysis of the relationship between digital marketing and performance of commercial banks through quantitative data (Ghanad, 2023). A quantitative approach was employed, focusing on selected branches in NMB Mwanza City, Tanzania. A cross-sectional research design facilitates the collection of data at a single point in time, allowing for the analysis of various characteristics and outcomes (Setia, 2016). The targeted population of the study was 204 employees from 7 NMB branches in Mwanza city. A sample of 132 employees was determined using Krejcie & Morgan (1970) table to ensure reliability and objectivity of findings. The reason for using this sample size was to represent a specific subset of the banking population, likely based on factors such as departmental diversity and geographic location of bank branches. Primary data was gathered via structured questionnaires, ensuring standardization and secrecy, while secondary data supported the validation of findings. The reliability of the instruments was confirmed through a high Cronbach Alpha coefficient of 0.8, indicating strong internal consistency of tools used. Data analysis utilized SPSS for both descriptive and inferential statistics, including regression analysis to explore the influence of social media, website functionality, and mobile app marketing on banking performance. Ethical considerations were prioritized, ensuring participant confidentiality, voluntary participation, and adherence to research protocols as approved by the Faculty of Business Administration at SAUT.

Moreover, the study focused on NMB Bank because of its wide market base and determination to conduct digital marketing, making it a perfect representation for the banking industry in Mwanza City. NMB is actively using social media marketing to reach out to customer in desire on products and services posted in social media Marketing visibility and consultation; therefore, this case was useful in analyzing the effect of digital marketing on banking performance. While the findings are based on NMB, the generalization can be made to other commercial banks in the region, which would also try to influence customer relationships and profitability through digital marketing strategies, because other commercial banks from the region share similar market dynamics and can use similar digital marketing strategies for affecting customer relationships and profitability.

#### Presentation and Discussion of the Findings

##### **Influence of Social Media Marketing on Profitability of Commercial Bank**

The purpose of this objective is to evaluate how social media marketing through

platforms such as Facebook, Twitter, LinkedIn, TikTok, and Instagram impacts the performance of commercial banks. The performance of commercial banks is notably affected by social media marketing, as it enhances customer engagement, increases brand visibility, and improves service delivery. It allows banks to reach a broader audience, personalize communication, and quickly address customer concerns, which can improve customer satisfaction and loyalty. Additionally, through targeted ads and content, banks can attract new customers and promote their products effectively. The data analytics from social media platforms also provide valuable understandings into customer behavior, enabling banks to refine their strategies and improve overall performance.

**Table 1.** Descriptive statistics of influence of social media marketing on the performance of commercial bank.

	N	Minimum	Maximum	Mean	Std. Deviation
NMB products posted on Facebook arouses customer desire on products	119	4	5	4.97	0.157
The benefits of NMB products captures customers attention to seek for those products in shops	119	4	5	4.97	0.157
The frequency of SMS marketing posted in instagram from NMB banks influences banking performance	119	4	5	4.98	0.129
Use of LinkedIn to customers is it influencing banking performance	119	4	5	4.99	0.092
Providing timely push notifications to customers through TikTok is it improve banking performance	119	4	5	4.98	0.129
Advanced features in Twitter enhances customer loyalty	119	4	5	4.98	0.129
Valid N (listwise)	119				

Source: Field Data (2024).

**Table 1** presents statistical data on various factors influencing customer engagement and banking performance related to NMB products and services, as indicated by a sample size of 119 respondents. Each factor, including the arousal of desire for NMB products via Facebook, the attractiveness of product benefits, and the influence of SMS marketing and mobile banking apps, exhibits high mean scores ranging from 4.97 to 4.99, suggesting a strong positive perception among participants. The low standard deviations, all below 0.16, indicate that there is agreement among respondents regarding the importance of these factors in enhancing banking performance and customer loyalty. Overall, the data reflects a highly favorable judgment of NMB's marketing strategies through social media features to their customers.

The findings from the statistical data indicate that the social media strategies hired by NMB, particularly those utilizing platforms like Instagram advertisement, short video of TikTok, Facebook and other engagement through SMS marketing and banking apps, have successfully captured the interest and desire of customers. With the mean scores ranging from 4.97 to 4.99, it is evident that customers perceive the strategies are highly affected with the promotion of NMB's products and services. The minimal standard deviations, all below 0.16, suggest that there is strong agreement among respondents, pointing to a widespread recognition of the factors that contribute to customer engagement and loyalty. This consensus underscores the potential for NMB to further control of these marketing channels to strengthen customer relationships and enhance banking performance, positioning the bank favorably in a competitive financial landscape. Furthermore, recognizing of the importance of these highly-rated factors can guide NMB adapting future of promotional efforts, product offerings and maintain boosting customer satisfaction and engagement level.

**Table 2.** Table model summary.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	0.979a	0.959	0.959	0.064	0.959	2737.210	1	117	0.000

a. Predictors: (Constant), SMM, Source: Field Data (2024).

**Table 2** provides an overview of the regression analysis's findings. The R value (0.979) shows that there is a very high correlation between the predictor variable (SMM) and the result. The model explains around 95.9% of the variance in the dependent variable, as indicated by the R Square (0.959). The Adjusted R Square (0.959) indicates that the model is well-fitted even when the number of predictors is taken into account. The average separation between the observed values and the regression line is shown by the standard error of the estimate (0.064). The significance (Sig. F Change = 0.000) indicates that the model is statistically significant. The implication is that SMM is a highly effective predictor for the dependent variable, explaining nearly all of the variation in the data. With an F Change of 2737.210, the model is highly reliable in predicting outcomes based on SMM. This indication substantiates the improvement of model's explanatory power. The significance level of 0.000 implies that the results are unlikely to be due to chance, and the findings are confidently generalized. From a practical standpoint, this model provides strong evidence that SMM has a considerable impact on the dependent variable, suggesting that efforts to improve SMM performance could lead to measurable improvements in the outcome to performance of commercial banks. Given the high R-squared value, decision-makers can rely on this model for predictive accuracy and strategic planning.

**Table 3.** ANOVA test.

		ANOVA <sup>a</sup>				
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.218	1	11.218	2737.210	0.000b
	Residual	0.480	117	0.004		
	Total	11.697	118			

a. Dependent Variable: BP; b. Predictors: (Constant), SMM; Source: Field Data (2024).

The residual variance and the variation in the dependent variable (BP) that the regression model explains are broken down in the ANOVA (**Table 3**). The residual sum of squares (0.480) represents the variation that remains unexplained, while the regression sum of squares (11.218) indicates the percentage of the total variance that the model explains. The variance of the dependent variable is combined in the total sum of squares (11.697). For the regression, the degree of freedom (df) is 1, while for the residuals, it is 117. The residual (0.004) and mean square for the regression (11.218) both reflect the variance split by the corresponding degrees of freedom. The significance value (Sig.) of the model is 0.000, indicating that it is very significant. The F-statistic (2737.210) assesses if the model significantly improves prediction over the mean.

The low *p*-value (0.000) and strong F-statistic of 2737.210 indicate that the regression model is very significant in explaining the variation in BP based on SMM. Practically speaking, the predictor (SMM) is quite good at explaining variations in BP because the model accounts for most of the variance. The significance level indicates that there is extremely little chance that these outcomes are the product of chance. Given that the residual sum of squares is relatively small compared to the regression sum of squares, the model fits the data well, with little unexplained variation. This suggests that SMM plays a key role in predicting BP, and the model can be trusted to accurately represent the relationship between the variables. It provides strong support for decision-making or further actions based on improving SMM to influence BP outcomes.

**Table 4.** Coefficients.

		Coefficients <sup>a</sup>					Collinearity Statistics	
	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Tolerance	VIF
		B	Std. Error	Beta				
1	(Constant)	5.613	0.274		20.478	0.000		
	SMM	0.480	0.009	0.979	52.318	0.000	1.000	1.000

a. Dependent Variable: BP; Source: Field Data (2024).

Information regarding the correlation between the predictor variable (SMM) and the dependent variable (BP) can be found in **Table 4** of coefficients. The

unstandardized coefficient (B) for SMM is 0.480, which means that, assuming all other variables remain constant; BP should rise by 0.480 units for every unit increase in SMM. This coefficient's low standard error (0.009) indicates how accurate the estimate is. A significant influence of SMM on BP is indicated by the standardized coefficient (Beta) of 0.979. The statistical analysis reveals a significant association between SMM and BP, with a t-value of 52.318 and a significance level of Sig. is 0.000.

The small *p*-value (0.000) and large t-value both point to a highly significant association between SMM and BP, suggesting that SMM is an extremely strong predictor of BP. The small standard error and narrow confidence interval for B reinforce the reliability of this estimate, meaning that decision-makers can confidently rely on this model to predict BP based on changes in SMM.

The collinearity statistics, with a tolerance of 1.000 and a VIF (Variance Inflation Factor) of 1.000, show that there are no multicollinearity issues in the model, meaning that SMM is not correlated with other potential predictors. This ensures the model is stable, and the relationship between SMM and BP is not distorted by the presence of other variables. Consequently, interventions aimed at modifying SMM are likely to produce predictable changes in BP.

**Table 5.** Collinearity diagnostics.

Collinearity Diagnostics <sup>a</sup>					
Model	Dimension	Eigenvalue	Condition Index	Variance Proportions	
				(Constant)	SMM
1	1	2.000	1.000	0.00	0.00
	2	0.000	93.400	1.00	1.00

a. Dependent Variable: BP; Source: Field Data (2024).

The collinearity diagnostics (**Table 5**) helps to assess the presence of multicollinearity, or whether predictor variables are highly correlated, which can distort the regression model. The table shows two dimensions, with Dimension 1 having an eigenvalue of 2.000, indicating that most of the variance is captured in this dimension. Dimension 2 has an eigenvalue of 0.000, meaning it contributes almost no unique information. The condition index for Dimension 1 is 1.000, showing no signs of collinearity issues. However, the condition index for Dimension 2 is quite high at 93.400, which could suggest potential multicollinearity if more predictors were involved.

The variance proportions are evenly split between the constant and the predictor (SMM), with both showing 0.00 for Dimension 1 and 1.00 for Dimension 2. This means that all of the variance explained by the predictor is accounted for by Dimension 2, indicating no multicollinearity problems in this model.

The high condition index in Dimension 2 (93.400) and the split in variance proportions (1.00 for both the constant and SMM in Dimension 2) suggest that

the predictor (SMM) does not suffer from multicollinearity. As there is only one predictor, this high condition index is not a cause for concern. If additional predictors were introduced, however, this might indicate that further diagnostics would be needed to assess multicollinearity. This reinforces the reliability of SMM as an independent and significant predictor of BP, providing a solid foundation for making data-driven decisions based on this model.

As supported by [Paniagua et al. \(2019\)](#), social media platforms had higher levels of customer satisfaction and loyalty has more banking Performance. Thus, customer engagement on social media leads to improvement customer retention. Meanwhile, [Chan \(2022\)](#) added that collaborations with popular social media influencers positively affect customers' attitudes toward the bank's products and services. Therefore, influencer of marketing of social media could enhance the appeal and credibility of banking offerings. Thus, it reveals that social media can play an important role of building and maintaining trust with customers. [Pan \(2023\)](#) suggested that managing online reviews and encouraging positive feedback are critical for attracting new customers and sharing positive experiences. The findings highlight the importance of leveraging social media strategies, including influencer collaborations and active engagement, to enhance customer satisfaction, loyalty, and retention in the banking sector. Additionally, effectively managing online reviews can significantly attract new customers by fostering a trustworthy and credible brand image.

Similarly, [Ahmad et al. \(2022\)](#) found that banks were able to better customize their marketing tactics by using social media analytics to understand client preferences and behavior. Similarly, [de Oliveira Santini et al. \(2020\)](#) show that Twitter appears to be a social media platform that improves user engagement by ensuring user happiness and encouraging positive feelings. Moreover, it is observed that customer engagement holds significant importance for businesses as it directly influences company performance, behavioral intentions, and word-of-mouth. The literature suggests that effective social media marketing, including the use of influencers and analytics, significantly enhances customer satisfaction and loyalty in the banking sector. By actively engaging with customers and managing online reputations, banks can foster trust and credibility, leading to improve retention and attraction of new clients. These insights underline the necessity for banks to strategically leverage social media platforms to refine their marketing efforts and ultimately boost overall performance.

Moreover, [Khoa and Huynh \(2023\)](#) conducted a study in Vietnam and revealed that social media marketing tools had a significant effect on consumers' faith in and commitment to businesses through digital channels. The study's findings highlight the importance of social media marketing tools in fostering trust and loyalty among consumers, demonstrating their critical role in enhancing customer engagement through digital platforms. Businesses in Vietnam should leverage these tools to strengthen their relationships with consumers, ultimately driving brand commitment and sustained growth.

Meanwhile, [Elareshi et al. \(2023\)](#) carried a study in United Arab Emirates and revealed that the perceived usefulness factor influences electronic word of mouth (EWM), informativeness (INF), and social media features (SMF), significantly, according to the findings of the study, whereas perceived ease of use affects them indirectly. Behavioral intention of consumers regarding online banking services has been found to be highly influenced by both perceived usefulness and ease of use. The study shows that e-marketing significantly influences customers' loyalty to online banking services. Thus, the main role of social media marketing is to increase customer loyalty.

Therefore, the discussions of [Khoa and Huynh \(2023\)](#) and [Elareshi et al. \(2023\)](#) showed that there is no doubt about the facilitative role of social media marketing tools in building up customer trust, loyalty, and engagement, both in Vietnam and the UAE. Therefore, firms, especially within the banking industry, would focus on how perceived usefulness and perceived ease of use of online services should be reinforced with effective e-marketing approaches to affect consumer loyalty and behavioral intention. As social media remains a crucial platform for fostering strong customer relationships, companies should prioritize its strategic use to build lasting connections and drive sustained growth.

## 5. Conclusion

The analysis demonstrates a significant impact of social media marketing (SMM) on the profitability and performance of commercial banks, showing a strong positive correlation with customer engagement, satisfaction, and loyalty. The high mean scores across various factors indicate that banks effectively utilizing SMM strategies enhance brand visibility and strengthen customer relationships. The statistical results further confirm that SMM not only attracts customer interest but also boosts profitability and improves banking performance, establishing it as a critical component of modern marketing strategies in the financial sector. In light of the growing importance of digital channels, the findings suggest that banks must prioritize social media efforts, leveraging analytics and customer feedback to tailor offerings, drive retention, and remain competitive in an evolving digital landscape.

Although the analysis reflects a large influence of social media marketing to be expected in the profitability and performance of the commercial banks, one should mention that the real life may bring some challenges during the SMM implementation. Among such challenges are regulatory compliance management, negative customer feedback, cybersecurity, problems of correctly calculating ROI. Banks may face a lack of resources and the high speed of changes in the digital World. These challenges could best be addressed by the bank's investment in advanced analytics tools, training for its staff, and strong customer feedback systems, all while maintaining adherence to regulatory requirements. Thus, banks could work out a more proactive and multi-dimensional approach toward SMM to ensure greater customer engagement, leading to strong brand loyalty and, ultimately,

improved profitability.

Moreover, besides SMM, there are numerous other digital marketing tools that might complement the strategies discussed in this study to further enhance the performance of commercial banks. For example, email marketing is very effective in nurturing customer relationships and delivering personalized content right into users' mailboxes. Search engine optimization and content marketing can also make traffic flow into the website, improving its visibility and establishing authority in the financial sector. Additionally, it will be able to complement social media/mobile marketing efforts with pay-per-click advertising and affiliate marketing by more precisely targeting customer segments and increasing customer acquisition and retention. Integration of customer relationship management tools will, therefore, enable banks to carry out focused outreach based on the data on customers and hence develop better acquisition strategies with long-term loyalty. Banks need to merge these tools with SMM, web usage, and mobile marketing for a more robust multi-channel approach that will ensure maximum customer engagement, better service delivery, and profitability in the highly competitive financial landscape.

## 6. Recommendations

To optimize the impact of social media marketing, commercial banks should invest in developing a comprehensive digital marketing strategy that incorporates influencer partnerships, targeted content creation, and active customer engagement practices. By collaborating with SMM popular influencers it can enhance the bank credibility of their offerings and reach a wider audience. Additionally, ongoing monitoring and analysis of customer feedback and engagement metrics will enable banks to refine their approaches, ensuring that marketing efforts vibrate with current and prospective customers. Ultimately, a strategic focus on SMM can significantly enhance customer loyalty and improve overall business performance in the banking sector.

## Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

## References

- Ahmad, A. M., Hassan, S. U., & Abubakar, A. (2022). Impact of Capital Structure on Financial Performance of Listed Agricultural Companies in Nigeria. *Gusau Journal of Accounting and Finance*, 3, 192-204. <https://doi.org/10.57233/gujaf.v3i3.189>
- Ajina, A. S. (2019). The Role of Social Media Engagement in Influencing Customer Loyalty in Saudi Banking Industry. *International Review of Management and Marketing*, 9, 87-92. <https://doi.org/10.32479/irmm.8060>
- Alalwan, A. A., Algharabat, R. S., Baabdullah, A. M., Rana, N. P., Raman, R., Dwivedi, R. et al. (2019). Examining the Impact of Social Commerce Dimensions on Customers' Value Cocreation: The Mediating Effect of Social Trust. *Journal of Consumer Behaviour*, 18, 431-446. <https://doi.org/10.1002/cb.1782>

- Althuwaini, S. (2022). The Effect of Social Media Activities on Brand Loyalty for Banks: The Role of Brand Trust. *Administrative Sciences, 12*, Article 148. <https://doi.org/10.3390/admsci12040148>
- Behzadi, M., & Bakhtiary, M. J. (2022). Examining The Challenges of Digital Banking Marketing in Iran. In *Proceedings of the 15th International Conference on Modern Research in Management, Economics and Development*. Diamond Scientific Publishing.
- Brown, D., & Fiorella, S. (2013). *Influence Marketing: How to Create, Manage, and Measure Brand Influencers in Social Media Marketing*. Que Publishing.
- Chan, F. (2022). A Study of Social Media Influencers and Impact on Consumer Buying Behaviour in the United Kingdom. *International Journal of Business & Management Studies, 3*, 2694-1449.
- de Oliveira Santini, F., Ladeira, W. J., Pinto, D. C., Herter, M. M., Sampaio, C. H., & Babin, B. J. (2020). Customer Engagement in Social Media: A Framework and Meta-Analysis. *Journal of the Academy of Marketing Science, 48*, 1211-1228. <https://doi.org/10.1007/s11747-020-00731-5>
- Deloitte. (2021). *Building on the Digital Banking Momentum*. Digitalization in Banking. Deloitte Insights.
- Elareshi, M., Habes, M., Safori, A., Attar, R. W., Noor Al adwan, M., & Al-Rahmi, W. M. (2023). Understanding the Effects of Social Media Marketing on Customers' Bank Loyalty: A SEM Approach. *Electronics, 12*, Article 1822. <https://doi.org/10.3390/electronics12081822>
- Ghanad, A. (2023). An Overview of Quantitative Research Methods. *International Journal of Multidisciplinary Research and Analysis, 6*, 3794-3803. <https://doi.org/10.47191/ijmra/v6-i8-52>
- Hajer, C., & Anis, J. (2018). Analysis of the Impact of Governance on Bank Performance: Case of Commercial Tunisian Banks. *Journal of the Knowledge Economy, 9*, 871-895. <https://doi.org/10.1007/s13132-016-0376-6>
- Jayasekara, S. G. S. D., Perera, K. L. W., & Ajward, R. (2020). Empirical Studies on the Performance of Banks: A Systemic Literature Review for Future Research. *Journal of Research in Emerging Markets, 2*, 1-20. <https://doi.org/10.30585/jrems.v2i4.535>
- Kaplan, A. M., & Haenlein, M. (2010). Users of the World, Unite! The Challenges and Opportunities of Social Media. *Business Horizons, 53*, 59-68. <https://doi.org/10.1016/j.bushor.2009.09.003>
- Kaur, K., & Gupta, S. (2023). Towards Dissemination, Detection and Combating Misinformation on Social Media: A Literature Review. *Journal of Business & Industrial Marketing, 38*, 1656-1674. <https://doi.org/10.1108/jbim-02-2022-0066>
- Khoa, B. T., & Huynh, T. T. (2023). The Influence of Social Media Marketing Activities on Customer Loyalty: A Study of E-Commerce Industry. *International Journal of Data and Network Science, 7*, 175-184. <https://doi.org/10.5267/j.ijdns.2022.11.005>
- Ki, C.-W., & Kim, Y.-K. (2019). The Mechanism by Which Social Media Influencers Persuade Consumers: The Role of Consumers' Desire to Mimic. *Psychology & Marketing, 36*, 905-922. <https://doi.org/10.1002/mar.21244>
- Kietzmann, J. H., Hermkens, K., McCarthy, I. P., & Silvestre, B. S. (2011). Social Media? Get Serious! Understanding the Functional Building Blocks of Social Media. *Business Horizons, 54*, 241-251. <https://doi.org/10.1016/j.bushor.2011.01.005>
- Krejcie, R. V., & Morgan, D. W. (1970). Determining Sample Size for Research Activities. *Educational and Psychological Measurement, 30*, 607-610. <https://doi.org/10.1177/001316447003000308>

- Marshall, J. D., Aguinis, H., & Beltran, J. R. (2024). Theories of Performance: A Review and Integration. *Academy of Management Annals*, 18, 600-625.  
<https://doi.org/10.5465/annals.2022.0049>
- Ndayiragiye, A. N. A. (2024) Studied on the Effect of Digital Marketing on Financial Performance of Microfinance Institutions in Rwanda: Case Study, Masanze District. *International Journal of Innovative Science and Research Technology*, 9, 1183-1200.
- Ndegwa, R. (2021). The Influence of Electronic Marketing Strategies on the Performance of Equity Bank Limited in Kenya. *European Journal of Economic and Financial Research*, 5, 119-137. <https://doi.org/10.46827/ejefr.v5i1.1094>
- NMB (2016). *NMB Awarded for Promoting Financial Inclusion in the Country*.  
<https://www.nmbbank.co.tz>
- Okaiyeto, S. A., Alade, N., & Linus, M. N. (2021). Gratifications and Challenges of Banks Adoption of Social Media Advertising Tool. *New Media and Mass Communication*, 98, 22-35.
- Oyewole, A. T., Okoye, C. C., Ofodile, O. C., & Ugochukwu, C. E. (2024). Cybersecurity Risks in Online Banking: A Detailed Review and Preventive Strategies Application. *World Journal of Advanced Research and Reviews*, 21, 625-643.  
<https://doi.org/10.30574/wjarr.2024.21.3.0707>
- Pan, M. (2023). Discussion of Online Reviews' Impacts on Consumers' Behaviors. *Journal of Education, Humanities and Social Sciences*, 13, 219-225.  
<https://doi.org/10.54097/ehss.v13i.7897>
- Paniagua, J., Rivelles, R., & Sapena, J. (2019). Social Determinants of Success: Social Media, Corporate Governance and Revenue. *Sustainability*, 11, Article 5164.  
<https://doi.org/10.3390/su11195164>
- Qadir, K. A., & Fatah, N. A. (2023). Impact of Social Media Advertising on the Profitability of SMEs in Sulaymaniyah City. *Journal of University of Raporin*, 10, 907-923.  
[https://doi.org/10.26750/vol\(10\).no\(4\).paper40](https://doi.org/10.26750/vol(10).no(4).paper40)
- Rane, N. L., Achari, A., & Choudhary, S. P. (2023). Enhancing Customer Loyalty Through Quality of Service: Effective Strategies to Improve Customer Satisfaction, Experience, Relationship, and Engagement. *International Research Journal of Modernization in Engineering Technology and Science*, 5, 427-452.
- Sathya, P. (2017). A Study on Digital Marketing and Its Impact. *International Journal of Science and Research*, 6, 866-868.
- Selvi, T., & Rathna, A. (2023). The Role of Commercial Bank in Economic Growth in India. In *Proceedings of the 2nd International Conference on G20—Impact on Indian Industries* (pp. 183-187).
- Setia, M. (2016). Methodology Series Module 3: Cross-Sectional Studies. *Indian Journal of Dermatology*, 61, 261-264. <https://doi.org/10.4103/0019-5154.182410>
- Singh, A., Jain, S., Aswathinath, T., Jayashree, J., & Bajaj, M. V. (2023). Online Reputation Management: Strategies for Building and Protecting Brand Image. *Tuijin Jishu/Journal of Propulsion Technology*, 44, 4490-4497. <https://doi.org/10.52783/tjjpt.v44.i4.1698>
- Smith, D. K., Clarke, T., & Rogers, J. (2017). Banking and the Limits of Professionalism. *University of New South Wales Law Journal*, 40, 411-455.  
<https://doi.org/10.53637/kpof3541>
- Sofiati, N. A., Suryati, L., Wardana, W., Trisnawati, N., Malau, A. G., Sudarso, A. et al. (2023). The Model of Impulse Buying: Consider Price Discounts and Store Displays. *Journal of Accounting and Finance Management*, 4, 160-167.  
<https://doi.org/10.38035/jafm.v4i1.208>

- Sonnentag, S., & Frese, M. (2001). Performance Concepts and Performance Theory. In S. Sonnentag (Ed.), *Psychological Management of Individual Performance* (pp. 1-25). John Wiley & Sons, Ltd. <https://doi.org/10.1002/0470013419.ch1>
- Ttrauss, J., & Frost, R. D. (2014). *E-Marketing International Edition* (7th ed.). Pearson Education Limited.
- Tuten, T. L., & Solomon, M. R. (2017). *Social Media Marketing*. SAGE.
- Vanweele, A. J., Sumo, R., Vandervalk, W., & Dujsters, G. (2016). How Incomplete Contracts, Foster Innovation in Inter-Organizational Relationships. *European Management Journal*, 5, 1-14.