Impact of Customer Satisfaction, Customer Trust, Perceived Quality, Customer Commitment that influence customer loyalty: A study of Pakistani commercial banks

By:

Mirza Moin Baig   **(01-321222-052)**

Supervisor:

Madeeha Ali

Department of Business Studies

Bahria University Islamabad

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Names of Student(s): Enroll # 01-321222-052

- Mirza Moin Baig

Class: (Master of Business Administration)

Approved by:

_____

Madeeha Ali

Supervisor

_____

Maleeha Mansoor

Internal Examiner

_____

Dr. Ammara Nawaz Cheema

External Examiner

_____

Dr.Syed Haider Ali Shah

Research Coordinator

_____

Dr.Khalil Ullah Mohammad

Head of Department

Business Studies

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Abstract

The major purpose of this study is to assess the Impact of critical factors that influence customer loyalty (a study of Pakistani commercial banks). Furthermore, to get an idea that which variables and processes are more important for the banking sector of Pakistan. For this research the dependent variable is customer loyalty and independent variables are (Customer Satisfaction, Customer Trust, Perceived Quality and Customer Commitment). These factors help to assess the customer loyalty in the banking sector of Pakistan. Quantitative research approach used for this study and collect information with the help of questionnaire design. The questionnaire has been divided into 4 sections. Section A relates to the general demographic section and section B to D relates with the independent variables and the last E section was related to dependent variable. Random sampling technique was used, and all the respondents were the consumers of banks of Pakistan Total 150 respondents were contacted. Analyzing has been done with the statistical methods though SPSS software. Tables and their analysis were used in descriptive analysis and regression method has been used in inferential analysis so that hypothesis can be tested easily. These methods have been selected to know more about the topic in detail and according to the nature of the topic. This research helps to find the Impact of critical factors that influence customer loyalty in the banking sector of Pakistan. These findings help to find which factors of loyalty are more important and valuable.

Keywords

Chapter 1

Introduction

1.1 Introduction

Banks are crucial players in financial market activities and play an important role in the smooth operation of a national economy. In today's extremely competitive corporate environment, service quality is critical for increasing customer pleasure and loyalty. These are critical criteria in increasing bank efficiency, i.e. higher profitability, and market share, and determining bank sustainability.

Most Banks pay much attention to the issue of growth, customer satisfaction, and churn. (Hassan and Matt, 2020). This can be seen by the amount of "customer intimacy" programmers in progress or considered in a range of businesses. The main decision spends substantially in designing marketing plans, schemes, services, and amenities to meet consumers' desires and 'priorities' instead of determining what they want and pressuring them to make purchasing choices. One example is "relation-marketing," where individual consumers (or different communities) are dealt with differently and a lifelong association is built with them. (Matt and Hassan, 2020) That is somewhat different from the old "transaction-marketing" method, in which the emphasis is solely on making the present sales. One of the numerous markets that corporations need to consider is the customer market. Traditionally, companies have used transaction selling, i.e. marketing by 4Ps: merchandise purchases, price, promotional events, and locations. However, companies in all industries have managed to move towards links, infrastructures, and interrelationships more and more in the last two decades (Khalil 2022).

The corporatization availability of deals and expansion of competitiveness in many markets have made this revolution in the market thought the most significant element in financial success the company's customer link (Granger 2023). Long communication networks, credit cards, retail, insurance, food and beverage sectors, mobile phone service, cable TV, information and health care services, and financial services are some examples (Burhan 2021). This consumer-focused implementation by key stakeholders is unquestionably a step forward. Unverifiable figures from many businesses demonstrate the significance of customer loyalty, loyalty, and churn by business decision makers now (Markus 2023).

In recent decades, the privatization of the banking sector in Pakistan has led to higher client expectations (Habib 2021). Consumers now require banks to provide high-quality services. It has strengthened competition among different business banks, especially in the private sector (Wisniewski, 2021). This is why they offer their consumers top quality services to achieve competitive advantages, i.e. more satisfied and loyal consumers (Graack, 2023). Banks recognize the principle of 'service quality' to gain a competitive advantage and to be able to lead a market driven system (Jimland 2020). However, it is now incredibly valuable not only to dominate the market but also to establish that leading bank and image intense competition business environment (Zeithaml et al., 2021). Global researchers say that providing quality services provides every company with a lasting competitive advantage. It enables them to meet their consumers' current needs and to anticipate their future needs (Boltan & Drew, 2014).

This willingness to predict consumers' potential desires means that they enjoy their consumers reliably by quality services. It further improves customer satisfaction and customer loyalty to these companies (Zeithaml, 2023). To delight consumers (B. Sharp & A. Sharp, 2022) and improve their efficiency and profitability banks must recognize multiple pre-cadent (tangible, continuity, assurance, and empathy) of service quality (Hackl et al., 2021). While several impious proofs of service efficiency and customer satisfaction can be in the existing studies, this area has not been very taken into consideration in the context of Pakistan (Akhter 2022). In developing countries, a great deal of research was done into service efficiency and customer retention, and loyalty. This research thus provides a detailed review of the banking sector in a developed world by looking into this concept. Pakistan; (Habib 2023).

Client satisfaction has become a significant concern in the banking business because of rising competition and client demands. It has gained more consumers by enhancing service quality and increased competition among banks (Maxwell 2022). Customer loyalty is an important element of a company's financial performance. Without loyal consumers, banks can never work well for a lot longer (Bareera 2021). By identifying, maintaining, and fulfilling customer requirements, customer loyalty can be achieved. Customer satisfaction is known as a centralized repository and a wish to execute, encourage and conduct hierarchically (Oliver, 2022). Loyal consumers will continually comment on the banking industry. By offering safe goods and services to consumers, banks may generate profits.

Several banks have revealed creative services to improve customer satisfaction (Alam & Khokhar, 2021). Customer loyalty is equivalent to satisfaction and loyal consumers are making profit from regular sales and promoting goods to other consumers. Customer loyalty has a direct effect on the financial success and development of loyal consumers (Loveman 2023). If a corporation can raise 5% of its loyal clients to the service, it will improve its profitability by 25%-75% (Chan et al., 2020). Customer loyalty is the mental state in which consumers are forced to purchase an established good, service or bank (John, 2014). Banks will maximize earnings by providing healthy and sound goods and services to loyal customers. The link between service quality, customer happiness, and customer loyalty is positive and obvious (Ali et al., 2021). Trust as a variable of customer satisfaction affects client loyalty construction (Du Plessis, 2022).

1.2 Importance of Customer Loyalty

Compared to equivalent services offered by the banks, consumers buy services (Rakish 2021). The banks want ads to sell the services such that the loyalty of the customer helps encourage potential buyers to use the services (Nobel 2023). It is bank loyalty if services are enjoyed and spoken about by consumers (Nelson 2023). An integral part of any banking marketing campaign should be to devote time and resources to cultivating customer satisfaction (Netbon 2021). If we realize, faithful clients are more successful and profitable than other clients. Any bank must encourage its customer satisfaction to grow the organization. Customer satisfaction in banking is of many values here (Hobbs 2020).

Consumers with bank loyalty have an outstanding relationship with the customer (Roppa 2022). They still think and trust banks that better services will be delivered by them. This would continue to build a great chance to satisfy all customer demands than the conventional ones already provide the services (Granger 2022). Customer service is trusted by the clients which are given by banks (Monique 2021). This offers a tremendous chance to meet more of the needs of consumers than the existing conventional ones. If the firm gets more loyal clients, it appears to be more stable than the other banks (Samira 205). Establishing customer service relationships will make their rivals top the banking business. Loyal customers frequently pay more money for services that protect the firm against competitors and so decrease the possibility of price sensitivity (Touch Dynamic 2023).

The business word of mouth advertiser is also a loyal customer and still likes to speak about the bank (Abdullah 2023). Happy clients often come to purchase the same services many times. (Robb 2020). Customer loyalty plays a selling role and draws new consumers to use services. Loyal clients speak with other people about bank services, and it gives fresh clients. In this new age, faithful clients are necessary to help protect the corporation because many banks have more equipment and resources. So, customer satisfaction builds a good organization for a bank (Airas 2020).

For the banking industry in Pakistan, characteristics such as dependability, assurance, responsiveness, the level of services provided by banks, encouragement, and marketing efforts were used to determine client loyalty. However, researchers discovered that several additional characteristics, such as customer happiness, customer trust, customer commitment, and perceived quality, may be used to measure customer loyalty in the banking industry. These are the critical criteria to consider when assessing the level of loyalty in the banking industry (Maryam 2021). This study focuses on these elements in order to estimate client loyalty in Pakistan's banking sector.

1.3 Research Gap Analysis

The banking sector is highly competitive, as all the banks offer standardized, readily capable services. Since all banks deliver similar services, either affordable pricing or higher quality is the only way to differentiate ourselves in the market. Assessment of loyalty of consumers is important for a bank. In the Pakistani banking system, the research conducted with limited factors like reliability, assurance, responsiveness. These factors were researched according to business perception, but the customer side was majorly ignored. In this era of uncertainty, we need to study more factors like customer satisfaction, customer trust, customer commitment and perceived quality to assess customer loyalty. Customer satisfaction should also be used as a possible weapon in the increasingly competitive world that provides a strategic advantage (Cohen et al. 2021). This is primarily because in recent years many international banking firms have founded themselves in Sweden and many defense companies and credit sector companies have also become banks (Nosmoon, 2023). Customer satisfaction results in increased productivity and efficiency and the banks should benefit from the success of the business (Riechheld 2022). Future company deals can be smoother by retaining their existing clients. The use of good service standards is important to sustain customer satisfaction. If the customer is pleased with the consistency of the service, the

possibilities for a long-term partnership are improved (Zeithaml, and Berry 2021). Customer perceptions and business requirements level of services. (John Paul II 2020). Satisfied consumers are most likely to become loyal and optimistic word-of-mouth consumers. For banks to work to form loyal clients, knowing the standard of service is essential. Managers must concentrate their efforts on enhancing service efficiency to develop customer loyalty.

1.4 Problem Statement

The main problem is there is no defined level of satisfaction and loyalty of consumers to a bank. Every customer is different. Bank can't treat a customer individually. The focus of the study is to assess the customer loyalty in the banking sector of Pakistan and what are factors that contribute for the customer loyalty in the banking sector.

Throughout that period, the banking industry underwent major shifts, which culminated in the dynamic market of the commercial banking sector, which is marked by intense rivalry. The number of banks in Pakistan is growing, thereby making banks more competitive and nuanced (Naveen 2023). Seeking a position for long-term sustainability and the Bank's overall existence in this heating sun is critical. This can be done either by upgrades or through new ones. In this analysis the researcher has tried to define the key factors of customer loyalty in Pakistan's banking sector, so that this critical industry has a broader look at serving and ultimately loyal consumers.

This study aims to find customer loyalty factors for the Pakistani banking industry. Prior experiments have been reviewed to do this. The factors that have affected customer loyalty in the banking industry, efficiency, retention, and cost change, have been identified according to (Beerli et al., 2022). Additional models were analyzed in this segment to decide whether further considerations are available or not in the banking industry (Abdullah 2021). The factors that we have selected for our research after evaluating Pakistan's customer satisfaction, customer trust, customer commitment and perceived quality. We assess the influence of those indicators on consumers' loyalty in the banking sector of Pakistan. The focus is to identify the key factors that influence the loyalty for a customer towards a bank in Pakistan.

The phenomenal increased demand for banking services are the main areas of focus for the potential performance of the respective banks. Banks are recognizing that no bank will sell all services to all consumers. They must find a different strategic base to boost the efficiency of their

services. The focus of this research is what factors make a customer loyal to the bank. Each bank needs to maintain its consumers in this highly competitive environment. This can also be achieved by improvements or through new ones. Researchers are assessing customers' need to identify the services of bank by which benefit they will get and how much they are loyal with the bank.

1.5 Research Questions

1   What is the impact of customer satisfaction on customer loyalty?
2   What is the impact of customer trust on customer loyalty?
3   What is the impact of perceived quality on customer loyalty?
4   What is the impact of customer commitment on customer loyalty?

1.6 Research Objectives

1. To find the impact of customer satisfaction on customer loyalty.
2. To find the impact of customer trust on customer loyalty.
3. To find the impact of perceived quality on customer loyalty.
4. To find the impact of customer commitment on customer loyalty.

1.7 Research Significance

Every country has a significant position for banks. Banks play an important role in a nation's growth of the economy (Idun & Aboagye, 2014). Banks offer banking services, including receipt of deposits, credit extension, and consultancy. Therefore, bank leaders need to understand the drivers of bank success. The intensity of rivalry in the financial industry has increasingly risen, and banks' longevity depends on the level of benefits they receive. The super level of service organizations is considered the number one driver (Wilder, Collier, & Barnes, 2014). The paper on the assessment of customer satisfaction in the banking sector indicated that the premium service companies end up with loyal clients (Wong, Tseng, & Tan, 2014).

The value of service provision in the banking industry needs company owners to be aware of customer loyalty drivers (Johansson, Witell, & Elg, 2013). In terms of management, my research could help to minimize any gaps on the part of bankers within the scope of the customer service agenda of their respective banks. Leaders from other financial institutions may consolidate techniques for raising customer loyalty and demand and anticipation for service quality. The analysis was important from a scientific point of view and the findings could contribute to the

literature on customer loyalty. Research findings may provide visibility into the advantages of customer loyalty and development experience management techniques in the service sector that contribute to economic viability.

Comprehension of customer loyalty policies by bank leaders will give banks a strategic edge (Addo & Kwarteng, 2021). Satisfied clients are patient and want much to boost corporate efficiency (Addo & Kwarteng, 2020). Bank management will create tailor-made products according to customer requirements. If consumers are happy with the banks' services, customer loyalty will rise, which leads to frequent transactions and improved profitability. The strong association of customer happiness with loyalty and increased business efficiency (Saaeidi, 2020). Better production in the industry contributes to higher revenues and market share. Profitable institutions should help the societies in which banks serve to boost working conditions and living standards and contribute to significant social improvements. Through changing life, communities can do more for banking and banks can keep helping society, which results in a rioting impact of progressive social change.

Chapter 2

Literature Review

2.1 Introduction

Commercial banks offer financial service facilities for stronger, sustainable strength of the country and act as a critical platform for improving the national economy (Khan, & Fasih, 2022). It is a significant step toward improving customer loyalty that is essential to measure the level of service. Improving the standard of service is necessary to achieve a competitive advantage in the market (Muruga, 2023). The limits on the standard of service assessment derive from parameters such as perishability, variability, and categorization complexities (Saphire & Nathan, 2020). As a core segment of the economic growth, the influence of the banking industry is directly linked to the total monetary processing and financial product facility in the industry, serving a vast number of consumers (Janson 2022). It is expected customer satisfaction and customer retention that maintain the well-being and smooth running of this industry (Merab 2022). Business banks play an important part in this field and their clients are particularly susceptible to nature and service efficiency (Lovia 2021).

In the banking sector of the market, the position of customer relations becomes critical because consumers are the gateway to looking into the future of every business (Hadid 2021). The latest technological advances have redefined customer ties with their supplier (Balta 2023). In most Business organizations, because of their intangible nature of the business, it is very hard to evaluate the qualities of good service efficiency and customer loyalty (Marci, 2021). Products are immaterial, so it is incredibly hard for businesses to determine how their clients assess and view the end of their business (Alexis 2022). Having considered the banking sector as the bedrock of every state's economic truthfulness, a close relationship develops between a country's finances and its economic results (Nexon 2020). Countries with a large banking sector have more growth rates. In other words, the bigger the development in the finance industry, the greater the limit of financial system stability (Law & Singh, 2021). One of the key contributors to economic development in Pakistan is the banking sector. In this respect, trends in the banking industry were different from those in the real world (Beena 2023).

Many developments have occurred in Pakistan's banking industry. Its operational condition has improved dramatically in the last decade (Marfi 2022). Today's consumers will not settle for

anything less than their desires. To compete successfully with one another, banks use various marketing tactics to meet clients' wants and stay ahead in the industry (Tahmina 2021). Banks have concentrated on developing processes to differentiate themselves from competitors and provide their customers with top-tier financial services and an innovative experience (Kent 2023). Because of the quickly changing environment, service quality, customer satisfaction, and loyalty in the banking sector are becoming increasingly important (Hussain 2020).

In a market-oriented environment, customer service is an important component of a banking institution (Teena 2022). Estimating the standard of care is not a straightforward banking job since commodities are seasonal (Harry 2021). Service quality is now seen by various industry players as a critical weapon to put them properly on the market (Mudder 2020). In comparison, a satisfied customer is more likely to be a loyal customer who will return to the bank. The cost of retaining existing customers is significantly cheaper than the cost of acquiring new customers (Anjum 2023). Because the value of client pleasure, loyalty, and quality of service are valuable banking resources (Patrick 2021). The consistency of the service is a prerequisite for the satisfaction and engagement of the customer and other desirable outcomes (Riley 2021). This research examines customer satisfaction in Pakistan's banking sector according to the actual demand and economic condition. Assessing the factors which affect customer satisfaction and loyalty in every sector of Pakistan's banking industry.

A satisfied customer stays with the bank and refers new customers (Punk 2021). However, the reversal is more dangerous since pleased customers not only avoid dealing with the bank but also prevent prospective consumers from being ignored by spreading negative word of mouth (Paige 2020). The banking industry must consequently strive to understand what characterizes client loyalty, since this information will help them to better fix their vulnerabilities and serve their customers (Cruise 2023). This research examines whether the banking industry thinks about the influence of standard of service on clients, generates happiness, and creates loyalty. The report further highlights the vulnerable areas in which the bank needs development.

2.2 Banking Sector of Pakistan

Over the years, there has been tremendous development and opportunity within the banking sector in Pakistan. In the confidence in the financial system, the efficiency and stability metrics indicate a substantial rise. The banking sector is now facing a variety of pressures since 2008 following

tremendous growth. Liquidity crunch and the issue of solvency have important implications on banking and business efficiency. If the commercial bank had enough flexibility to satisfy its responsibility, it could have handled this condition without any difficulty. Since then, they have worked under very strict constraints on the market. They are obligated to pay depositors competitive rates to draw cash. While the State Bank of Pakistan lowered demand and time liabilities to mitigate liquidity on the market through the Cash Reserve Requirement (CRR) and Statutory Liquidity Requirement (SLR).

The policy is empowering banks to raise capital and then leverage from banks rather than creating their solutions. The vast amount of government debt from banks scares the economy. Not only does the government slash its loans from banks, but it also places a form of check on money power. Both these aspects have taken together with a point at which the debt rate is high, and the commercial banks have a big responsibility. Considering the large degree of provision created by the Bank in recent years, non-performing loans have risen rapidly. The increasingly high quality of reserves would push the banks to reserve strong credit arrangements. Banks play a crucial role in the most important economic growth operation, as a financial intermediary.

Commercial banks' performance can also impact economic development. Banks are distinguished from most businesses since they offer banking resources, the reward at which the interest rate is paid, and the bulk of the servicing of the lending is funded by deposits or borrowings. The margin of interest, the difference between what a bank has received and what the depositor owes. In the last decade, it has been on an upward trajectory. The depositor or creditor will profit from a rise in the expansion, or both stand loose at once. The absence of alternative financial intermediary's pathways exacerbates the detrimental effects of spread. If the State Bank of Pakistan, for example, adjusts the interest rate based on monetary policy. The rate shift impacts the cost of capital, which determines the degree of consumption and decision on expenditure. If an improvement in the distribution is attributed to a lowering in the depositor's rate, then it discourages savings; otherwise, it will negatively affect spending because of an increase in this rate. Consequently, these interest rate increases have significant economic consequences.

The industry is regulated under its prudential regulation by the State Bank of Pakistan (SBP), which regulates local banks. The banks must also adhere to the Basel international requirements.

Overall, this field has immense promise. In 210 million individuals, the total number of bank accounts amounts to 43 million. The fact that the nation has restricted access to resources, resistance to banks for purposes of faith, as well as a strong rural population, can be attributed to the reasons behind this large variance. This said the growth potential is immense, particularly with the launch of high-speed mobile Internet, the emergence of Muslim banking, and increasing awareness of the country's benefits.

2.3 Customer Loyalty

Asker (2023) addressed the role of loyalty in the brand equity process and noticed that bank loyalty provides many benefits, including lower promotion prices, more new clients, and a higher degree of trade leverage. Customer satisfaction is seen as the secret to capturing market share and developing a sustainable competitive edge in highly competitive markets (Nesham 2022).

Loyalty is the enthusiastic dedication that can drive flipping to repeatedly buy a brand disrespectful of ads and the situation. It refers to someone or someone feeling deeply embraced. Consumers invest more, flourish positive terms in conjunction with service providers, and refer these sellers to others (Budanov, 2021). Loyalty is like buyers' loyalty to vendors, an upshot of the partnership (Hermansen et al., 2021). Fairness can be assessed using the purchase record and real customer purchase trend (Wolter et al., 2022). Loyalty affects the company's productivity, so retention of increased punters decreases expenses and raises revenue (Cassio-Silva et al. 2021). The implications of close relations between faithfulness and the word explored in recent studies (Ranaweera & Menon, 2013). For starters, an increase in equity increases loyalty among older consumers where, more than the newer consumers, loyalty is higher (Raimond et al., 2023).

Both for the company and the consumer, customer satisfaction is important. Customer satisfaction is called 'the marketplace currency of the 21st century,' according to Singh and Sir Deshmukh (2022). Pfeifer (2020) has described it as five to six times lower than a new client in the banking organization's servicing costs of a faithful client. Weidman (2020) said that the current client should be served first before new consumers are met. Salena and Goodwin (2022) mentioned that, if a consumer's attitude is bad within the industry, a better than the poor company could attain a favorable client relativity rating and high patronage. Loyalty is built by methods that improve and grow a good mind and action (Unico's 2022).

Customer loyalty for banking and services industries is a significant factor because consumers are of value to any company (Gregory 2022). The cost of unit costs, the extent of market share, or any other elements linked to the company's competitive advantage may have an important impact on the company's profit (Glen 2020). Private Banks tend to remove or reduce the barriers consumers can face and build strong relationships with their consumers in exchange. In the end, this results in customer loyalty. Every bank is willing to offer competitive services in an era of competition that is different from others (Williams 2023) According to Delone and McLean's (2023) successful approach, user happiness may be considered to assess the net benefit or influence of the individual (customer loyalty). Consumer satisfaction is assumed to mediate consumer knowledge based on experience and to explain crucial post-purchase behaviors such as complaints, word of mouth, willingness to buy, and product use (Westbrook, 2021). According to Anderson and Srinivasan (2020), "an unsatisfied customer is more likely than a satisfied customer to seek alternatives and yield competitive options" (J.-T.D. Tang, 2021).

According to Srinivasan (2022), there are two major loyal consumer groups. The first category consists of loyal customers. The devoted group includes both delighted and dissatisfied customers. Satisfaction is not a required prerequisite for loyalty; satisfied clients do not have to be faithful, but there is a link between satisfied clients and loyal clients (Mike 2021). Unfulfilled clients are committed to the provider often because of their loyalty and loyalty (Juliana 2022). And happy clients will still walk away as they see a rival with a higher selection of goods and services if they do not have confidence and loyalty to their suppliers (Kimler 2023). This kind of falsified fidelity is often dubbed fidelity in the absence of satisfactory clients. This false allegiance is due to the reasons that prohibit the client from changing or preferring another provider and hinder him or her from doing so (Lacy 2020).

Growing a client's satisfaction raises the consumer's retentiveness (Neil 2022). Customer loyalty is internal; it can only be adjusted by modifying the belief structure of a customer (Salimo 2021). The second downside which is utterly necessary for business decision making is the fact that the strategy of "satisfaction" disregards the inefficiency of the underlying economy is reaching fully satisfied consumers. The other issue is that the vendor can be exploited by implementing benefits (Pushpa 2023). Although customer satisfaction is an admirable objective, investment is not justified for every customer and the provider could even go bankrupt, which for anyone is not

desirable (Fedal 2022). Rather, it is important to create a mutually beneficial "win-win" relationship between suppliers and consumers, which involves the differential costs of each customer (or group), depending on their inner strength of loyalty, as well as conventional sales and costs steps (Ramaiah 2020).

Loyalty has no desired or unwanted behavior; it simply indicates the internal intensity of consumers to switch from their existing supplier (Hateem 2020). This strength from 'loyalist' to 'normal switcher' can be due to the inner 'made-up' of consumers who can be captured in a composite profile that has those attributes. For consumers, those characteristics are socioeconomic, demographic, beliefs, customs, behaviors, and associated categories (Calaway 2023). Faithful consumers are increasingly important to create. This is because, as never before, competition is growing, which affects many companies greatly (Sundial 2021). In dealing with this increasingly concentrated market, companies not only aim to retain and serve clients but also to build an enduring partnership with them (Gremler and Brown, 2021). Creating consumers who are satisfied and loyal is a critical issue for many businesses.

The Bank aimed specifically at improving customer satisfaction and loyal consumers respect the profitability of a business directly (Jerry 2022). Various other advantages from faithful clients can be derived. Loyal consumers, seen from the organizational perspective, lead to an increase in sales and profits for the organization and are more likely to acquire more goods and services (Gremler and Brown, 2021). To reliably measure the importance of customer satisfaction, the direct value of the brand should be considered (Criteo 2021). This means above the sources of direct profits to contribute to the net gains. For example, loyal clients will also speak to their friends and family about the company, which will create new companies (Samuel 2022).

For most banks, maximizing customer satisfaction is a priority. Industries like banks are also said to have to work in line with a long-term customer service plan, where young people are recognized as unprofitable in their previous years but are lucrative over the family life cycle (Ron Garland, 2022). Concomitantly, consumers should get in touch with their principal bank in such a manner that the alleged faulty costs outweigh the advantages that the banking enterprise can offer to a new supplier. Hallowell (2021) has acknowledged that customer satisfaction and profitability exist and says some consumers will never be fulfilled when attempting to appease others is unprofitable.

2.4 Customer Satisfaction

Today, the market has changed from the production market to the customer market. The customer is now the monarch and therefore more valuable for the market (Trivedi 2020). The industry currently relies heavily on customer desires, and customer preferences impact customer loyalty directly. Awareness of customer loyalty also allows businesses to enhance their level of service. The satisfaction level ranges from client to client; according to their needs, wishes, opinions and reputation for the service and the product (Benson 2023). Reichheld & Sasser (2022) analyzed numerous firms and found that while customer losses are lowered by 5%, the improvement in revenue rises by 25-95%. Achill, Neumann & Jackson (2020) acknowledged that customer retention is the safest way to win and customer satisfaction impacts customer loyalty and buying-back decisions. Hsu & Lin (2020), which contrasts pre-commercial expectations with post-commercial expectations, finds that customer loyalty deals with customer understanding. They verified the relationship between actual experiences and desires of consumers (Williams. 2022).

Customer satisfaction has been described by Bitner & Hubbert (2021). They defined customer satisfaction as the consumer's activities following the purchase and consumption of the goods. It is a way of product selection, operational quality, and customer purchasing choice. Customer satisfaction and service quality are related; the higher the level of customer satisfaction, the higher the level of service quality (Bitner, & Hubbert, 2021). Customer satisfaction was seen by Baker & Crompton (2021) as a personal perspective focused on the correlation between perceptions and real interpretation. Satisfaction has been regarded as the result of buying goods and services; consumers are encountered in prior transactions. Increased customer satisfaction rises. Content is a mental term that has an impact on the actions of post-commercial consumers, including appreciation, concerns, loyalty, and branding (Rashell 2022).

The more customer loyalty the better the institution's benefit. Zeithaml & Berry (2023) also discovered that customer satisfaction has to do with profit. The long-term retention of the company is more beneficial as it is pleased with its offerings and provides the other short-term consumers with a good picture (Bliss 2021). This long-term association will assist in maintaining rates and raising prices when consumers are really satisfied and willing to pay more money to continue their engagement with the brand (2022). According to Parasuraman, Zeithaml, and Berry (2020), the edge of the service is especially related with consumer behavior. Customer loyalty is also high

when customer satisfaction reaches a particular level. Customer loyalty to repurchases is also low when satisfaction falls below a specific threshold. Dimitrovski (2021) looked at the need for a business to compromise to gain the desired advantage and explored the need to offer such additional perks to its clients, including guarantees, rework, and refund policies and complaints mechanism, for customer loyalty to be higher.

Trivedi (2020) considered today's customer more aggressive than ever, and so pleasing him was more difficult. Lack of facilities causes frustration directly. Consumers today are more professional, trained, and receptive. Based on customer preferences, Jones et al., (2023). The more accurate the operation orders are according to them, the happier the customer is. Literature has further investigated that the desire of consumers is strongly tied to satisfaction. Therefore, a greater emphasis on customer loyalty is imperative for service providers (Dupree 2021). In short, the greater the experience of service usage, the greater the happiness, and the lower the behavior of changing. Chiplin (2020) analyzed the banking industry and found that quality of service and customer retention directly affect customer loyalty. If disappointed, the customer can change his bank. Fecaloma (2014) referred to two customer types: internal (staff) and external (consumers). When existing consumers are disappointed with a high turnover, it impacts external consumers immediately. So, loyalty is just as important to all consumers.

Three factors were discussed by Kaura (2013): employee conduct, tangibility and IT. Service flexibility measurements include decision comfort, connection flexibility, comfort for purchases, convenient advantages, and comfort for post-benefits (Habib 2022). According to research in private sector banks, all measures, except tangibility, have a positive influence on customer happiness; while in public sector banks, all metrics, except tangibility and comfort advantages, have a positive impact on customer satisfaction (Shushma 2021). Kaura (2013) further observed that customer loyalty in the banking sector is influenced by service efficiency, perceived price fairness and service convenience. Adhikari, Grischuk, (2014) investigated the substantial effect of customer satisfaction on loyalty, shopping frequency, perception, and pricing flexibility. Customer loyalty is directly proportional to fairness, repurchase procedures, and customer knowledge.

Satisfaction is another essential aspect that must be considered when influencing the consumers' complete commitment to their service providers (Kazama 2023). In banks, clients are involved in

the service standard and settle about the value of it and decide on buyback after the service is used (Jabeen 2022). When consumers offer minimum rates and get full use and benefit, the level of satisfaction is still high (Jamal and Kamal, 2014).

Discomfort typically happens where the price problems do not meet customer criteria. The banking sector is also faced with big contention between the bank and its consumers over interest rates on loans and charges for use of facilities such as ATM machines and the transaction fee (Finlay 2023). If the client feels it is more costly than the specifications, he churns. Initially, the client aims to negotiate with the bank but chooses to defect at some stages (Hintu 2020). It is now so quick to open every other bank account, so the changeover costs are also low. Customer reaction plays a crucial role in the provider's overall content graph. When a client is happy, the buyer immediately injects loyalty and sticks long and long with existing vendors (Fox and Poje, 2022).

H1: Customer satisfaction has a positive impact on customer loyalty.

2.5 Customer Trust

Esteem is vital for preparation and preservation of the confidence of consumers (Evans, Anderson & Gilliland, 2023). In the developed literature, confidence has two aspects. Cognitive secrecy lets consumers rely consistently on service providers' integrity and accuracy (Moorman et al., 2021). The knowledge, confidence, continuity, competence, and commitment of the trade relations shape behavioral trust. On the other hand, partnership relational connections shape emotional belief (Wu et al., 2022). The responsible behavior of the service provider is dependent on a willingness to depend on him (Merz et al., 2023). Several hypotheticals (Evans et al. 2023; Gundlach et al. 2022) as well as realistic (Tax et al. 2021) research consider trusting an essential component of relational fulfillment. We suggest a subsequent beneficial impact of confidence on happiness, following the understanding of relationship consistency.

Brand belief is an essential element that supports a brand loyal consumer. Consumers cannot be faithful without trust in the brand (Mizz 2022). Banks will develop emotional trust if they can illustrate that the brand is just for clients and that it suits their viewpoints (Horntail 2023). Consumer's confidence in service is to provide quality services that meet the expectations of consumers (Anderson & Weitz, 2021). Trust has the greatest value in the calculation of customer

quality goods and services, as the quality of the products and services generates credibility. Trust leads to long-term loyalty and a deeper friendship between the two parties (Sir Deshmukh, 2021).

Lamasery et al. (2022) aimed at defining the role of core determinants of banking customer loyalty. To assess their effect on brand engagement, the reputation of banks, quality of services, and customer satisfaction (Jibran 2021). This research aims to define variables that are linked to loyalty: the study reveals that the customer produces or perceives bank images when handled by the bank, which typically impacts customer satisfaction (Pentax 2021). Also, this happiness inevitably affects loyalties and provides information for a specific bank to families and friends (Sen 2023). It also indicates that the degree of satisfaction depends on the reaction, or the standard of service experienced by a customer in a bank. In conclusion, the customer will make a good impression and gradually become loyal and will strongly recommend to the bank in its circle whether the service level is up to or even above the consumer's standards (Andrio 2023).

The selection, management, and exchange of customer expertise may be a powerful strategic move for businesses (Murillo & Annaba, 2022). CKM is a company's perception of the desires and expectations of existing and potential consumers (Lee, Naylor, & Chen, 2011). CKM relates to facts, philosophies, and practices that successfully interact with customer relations and create a good reputation for the company of the customer (Motiwala, Borman, & Schmit, 2023). Trust allows consumers to have insight, accounts, behaviors, communication preferences, and awareness to increase customer interaction in a company that increases customer loyalty and fidelity (Xu & Walton, 2020). Mithais, Krishnan, and Fornell (2020) have proposed that customer loyalty is accomplished by a custom-tailored offering. As a medium for contact, loyalty, customer support and satisfaction, trust development, and bank relationship sustainability, customer data can be used as customer relationship management (CRM) systems (Brusco, Goldsmith, & Hofacker, 2020).

Oliver (2021) concluded that trust between consumers can be established through proper customer information and knowledge management. The bank will use knowledge created by the bank to build a sense of customer interest and dedication. CKM processes boost customer response (Hewett & Kaufman, 2022), increasing the perceived benefit and decreasing customer defection CKM processes (Bueren, Schierholz, Kolbe, & Brenner, 2020). Peppers and Rogers (2023) emphasized that the creation of an enduring partnership with clients is a garrulous job for

businesses. This can be accomplished by customer awareness and facts that can discern one customer from another (Belta 2022). Awareness and information gaps affect the trust of all parties. However, the use of client knowledge to increase the importance of customer relations seems to be a field that needs to be established (Karishna 2021). In Anderson and Weitz's (2021) study, faith is the expectation of 'one community that actions taken by another group can satisfy its needs in the future.' In banking terms, confidence is essential for establishing consumer-bank relationships (Sultana & Abdullah, 2014). The recent financial crisis exposed the role of customer confidence in the banking sector (Russell 2022). The interest in the field of research has recently increased and is now seen as a critical factor in banking ties (Yee & Yeung, 2023).

An associated sense of safety is an efficient way to maintain and draw new existing consumers (Behram, 2020). As a regulation system to promote the creation of healthy partnerships, Bradach and Eccles (2021) have proposed that trust suppresses ambiguity, insecurity, and reliance. Many researchers considered trust as the key building in customer satisfaction and buyback intentions (Sirdeshmukh et al., 2021). Morgan and Hunt (2014) therefore consider trust to be central to the studies on customer loyalty management. They stressed the importance of faith in the partnership transaction, as trust-based partnerships are regarded highly by both sides. Based on the proof cited above.

Trust has been defined as the proclivity to rely on an exchange partner with trust (Ostrom & Iacobucci, 2021) or trust in an exchange partner's trustworthiness and honesty (Morgan and Hunt, 2014). According to Chaudhuri and Holbrook (2023), faith is prepared for the consumer to focus on the brand's capacity to fulfil its designated position. Confidence fosters loyalty by lowering the expenses of getting transactions and decreasing the fear of the service provider's opportunistic behavior (Bendapudi and Berry, 2022). The faith in social psychology consists of two elements: trust in the sincerity of the partner and confidence in the benevolence of the partner. ('Wetzels et al., 2023). Honesty means a partner standing by his terms, while goodwill assumes that the partner has an interest in the wellbeing of the client and will not take acts that have a detrimental effect on the consumer. Morgan and Hunt (2014) also claim in customer marketing that brand trust contributes to brand loyalty and engagement, as trust establishes highly valued trade relationships.

H2: Customer trust has a positive impact on customer loyalty.

2.6 Perceived Value

Quality is understood as a term that is closely connected to happiness and loyalty and the distinctions between both are not necessarily well described. They were often used indiscriminately. Anderson et al. (2022) considered that satisfaction requires past customer experience and price dependence, to explain the difference between satisfaction and perceived quality, whereas quality is perceived with no prior consumption experience and does not typically depend on price. However, prices may be a consistency measure in cases where no knowledge is available, or quality assessment is difficult. Spreng and Mackoy (2021) argued that these definitions are distinct and with contrasting contexts in this respect, beginning with Oliver's (2023) philosophical model of service efficiency and service satisfaction. The quality of service has been seen to have an in-depth impact on customer retention and loyalty in general and is characterized by the distinction made between consumers and the service expectation (Parasuraman et al., 2023).

The quality of service is divided into two words, firstly the service product that refers to what is offered and the functioning quality, which relates to the outcome of the customer operation. According to Caruana (2022). Also, the quality-of-service concerns two things, psychological and conduction, namely provider usability, how service providers perform their duties, the content of their words, and how the service is performed (Nelson 2021). The customer evaluation of three facets of service sessions, consumer-employee engagement, business climate, and service consequence the understanding of service quality is based (Henry 2023).

While no consensus exists on conceptualization and consistency assessment of service (Carman, 207). "The customer judges the overall excellence or superiority of a service by Aydin & Ozer (2020)" (Zeithaml, 2023). To explain service quality better, they have stated that service quality factor is intangible; service quality is diverse, which means that its performances often vary about the supplier and the consumer; service quality cannot be put in a time capsule and can thus be measured and re-test over time, and service delivery cannot be tested (Maxwell 2023). The assessment of the quality of the service is more complex than evaluating the product quality due to the characteristics of services. The appraisal can also be associated with the delivery of services and the performance (Cody and Hope, 2021).

Service efficiency is widely regarded as a crucial factor in sustainability and the performance of a company. The importance of quality service to productivity was usually explained in two fundamental processes (Roxy 2022. First, service quality is considered among the only ways to distinguish services and to have a strategic edge that draws new consumers and ads to the market share (Venetis and Ghauri, 2023). Service efficiency increases consumers' ability to spend again, but again, consume other items, become less priced, and share positive experiences with others (Venetis and Ghauri, 2021). For example, Bloemer et al. (2023) found out that the correlation between the standard of service and repurchase purpose, suggestion, and resistance to better alternatives is positive. Both above are action motives and commitment to consumers, recommendations, and aversion to better options (2021).

Quality of service has a positive impact on the company's fundamental performance and also on the strategic benefits that can be obtained by enhancing service quality so that anticipated offerings meet consumers' ideal standard of service (Caruana, 2021; Chumpitaz, 2023). Here is the perceived benefit very similar to the standard of service; they are considered the same in this thesis. "Previously, both marketing professionals began to focus on the role of customer value, previously ignored, as an important strategic variable to explain repeated purchase practices, brand trust and commitment to relationships." Price perceived also includes an estimation by the customer of the gain perceived in comparison to cost perceived (Zenithal, 2023). The perceived worth is "a richer measure of customer overall evaluation of the service than perceived quality," proposed Bolton and Drew (2021).

Parasuraman and Grewal (2022) assert that value perceived was a get component (the advantages that a buyer receives from a seller's bid) and a give component (the money and non-monetary costs to purchase an offer from the buyer). Our study focuses mainly on knowledge, system, and quality as part of the get process, and the cost and time spent as part of the give (Tundra 2022). Until experiments, interpreted success or consistency specifically as immediate precedents of worth, which, in fact, immediately contributed to the purpose of buying back. Also, the overall notion that value perceived has led to customer loyalty was reinforced by combined insights from earlier studies (Grewal, Monroe, Krishnan, 2023) Anderson and Srinivasan indicated that consumers would be more likely to turn to rival enterprises to improve perceived values, thereby leading towards a decrease in loyalty. Quality is a phrase that is closely related to happiness and loyalty,

and the distinctions between them were not always clear (Gill 2023). They were frequently used arbitrarily. To differentiate between quality and satisfaction, Anderson, and Sullivan (2021) suggest that satisfaction requires prior consumer experience and is price related, but quality may be perceived without prior consuming experience and is not price dependent (Jillian 2021).

However, if the knowledge is sparse or quality estimation is difficult, the price will serve as a measure of quality. In this regard Stephanie (2022) argued that these mechanisms are distinct and have different determinants, beginning with Oliver's (2021) concrete service quality model and service satisfaction. Service quality has been profoundly affected because of the equate consumers expect a service to their understanding of how the service was delivered (Chumpitaz et al. 2014). Customer loyalty is a result of comparing service quality to that of the service.

H3: Perceived value has a positive impact on customer loyalty.

2.7 Customer Commitment

Commitment for a consumer, forceful, or acute psychological attitude to sustain the connection (Allen & Meyers, 2013). Different reasons can contribute to service commitment (Geysers et al., 2021). The degree to which the shoppers react emotionally to a certain bank because of their deep trust in a bank is known as a service commitment. A dedicated customer still buys the same bank and has a sense of commitment and dedication (Geysers et al., 2021). The company itself adjusts its price or characteristics. Commitment is tied to happiness and the great success of a bank gains satisfaction. If satisfaction hits the stage of customer confidence and bank dominance successfully, the dedication will be incubated (Oliver 2021). Deep brand dedication and loyalty to a bank contribute to a high degree of bank commitment (Sachiko Sway 2020). Bank loyalty and bank dedication have strong relations but can be separated by their actions and their attitude (Assail, 2023). Bank loyalty requires the regular buying over time of one service, but bank loyalty does not require brand dedication (Anil 2022).

Bank commitment sees brand loyalty as a means of engagement (Bowmen 2022). Anker (2021) explains bank loyalty as a calculation of a consumer's relation to a bank. Bank engagement "is an important foundation for differentiating between bank loyalty and other types of recurring sales and promises to determine bank loyalty relative levels (Jacoby & Kyler 2020). There appears, though, to be no consensus on the true essence of bank engagement and its creation (Pritchard et

al., 2021). This paper aims to explain the significance of banking labels and to explore the ties between brand commitment and some potential associations (Kaleem 2023). First, describe the bank commitment and provide a model with three possible backgrounds and variable outcomes of bank commitment in the following pages. An observational analysis of evidence from types of banking (Amber 2023).

Banking a commitment is an affinity or mentality to keeping the relationship reasonably stabilized, solid, and extreme (Allen & Meyers, 2013). Engagement states may be driven by different factors (Geysers et al., 2021). Affective loyalty occurs when you wish to sustain a friendship based on a common feeling of good respect, affection, and pleasure (Habib 2022). Calculative dedication exists, on the other hand, when the essential potential costs associated with exiting the partnership are required to sustain a relationship (Stark 2021). Because both purchasers and dealers also have different options at the market price, the market association is usually characteristic of a weak connectedness between purchasers and sellers and of the fact that the relation between both parties is left low (Smith 2020). Therefore, interaction between consumers with the brand appears to be more successful than projections. In some product categories, such as in certain technology products, measurement dedication may be more critical because of the possible incompatibility among various banking services (George & Shane 2021).

The spectrum of bank interaction is usually limited. Furthermore, some studies argued that individual choice and conscience are important to establish intrinsic participation (Bagasse, 2013). The existence of exit costs is a lack of free preference; thus, it should not be considered a real foundation for bank loyalty that should be a calculative undertaking because of it (Tommy Nano 2021). Customer loyalty is characterized as the extent to which the customer has an emotional bond with a specific brand of the bank in a product class. It is the power of the value system of the customer with a brand that varies from the calculative presence that is frequently found in other related fields. This effective dedication can also be demonstrated by choosing to use the bank, promoting the brand to friends, and by avoiding the incitement of competitors (Bettencourt 2022).

Most sources argued that brand involvement is distinct from repeated habits called habit, inertia, or falsified commitment to bank reality (Beatty & Kale, 2023). Market relationship Argument assumes that the action of the customer is motivated by various, cultural, and contextual motives

and not just the functional attribute of a commodity (Sheath & Parvatiyar 2020). The most known motifs for market preference are functional needs and value-added needs (Lutz 2020 & Mittal 2022). The utilitarian motivation involves a user's external conditions. The real worth motivation applies, on the other hand, to the consumer's desire for self-identity, a stronger self-image, self-expression self-determination, and hence the need for mental and personal circumstances (Marchland 2021). It incorporates things that will assist one with a life trip and express one's self-idea to other people. Therefore, items offer both utilitarian and worth expressive benefits (Beenak 2023).

The advantages of brand commitment are expected to improve from the contact between the commodity materials and elements of the real world of consumers. Objects of cultural signs related to the ownership and/or use of an item are value-expressive benefits (Mittal 2022). Crosby and Taylor (2021) suggest that a company's dedication focused on a desire to establish a coherent knowledge framework to define the principles and representations of specific banking services, following the notion of utilities and value-expressive needs. The first has to do with retaining the cognitive coherence of brand awareness, facts, and faith in a reliable output of the bank (Youssef 2022). The identity of brand values and photographs will play a growing role for participation in the production of services that are much more distinct from their symbolic values in today's marketplace than on their physical attributes and functions (Melina 2023).

This study reveals that the dedication of the customer brand may establish two forms of expertise or two paths. The first is the clear practical output of the bank, which is coupled with the valuable needs and motives (Rouyn 2021). The second is by acknowledging the bank's ideological meaning. The second move. We suggest and evaluate in this research a model that involves all routes (Ronald 2021). With its mechanisms of customer satisfaction and bank trust, the utilitarian and functional road to commitment is taken two mechanisms played an important role in the current research on partnerships and were not properly explored in the sense of customer loyalty towards bank (Roman 2020). To operationalize the second symbolic path to the dedication, the bank service level concept is adopted. Besides, we include exclusive buying intentions as a vital consequence of bank interaction considering the value of customer loyalty actions (Maxwell 2021).

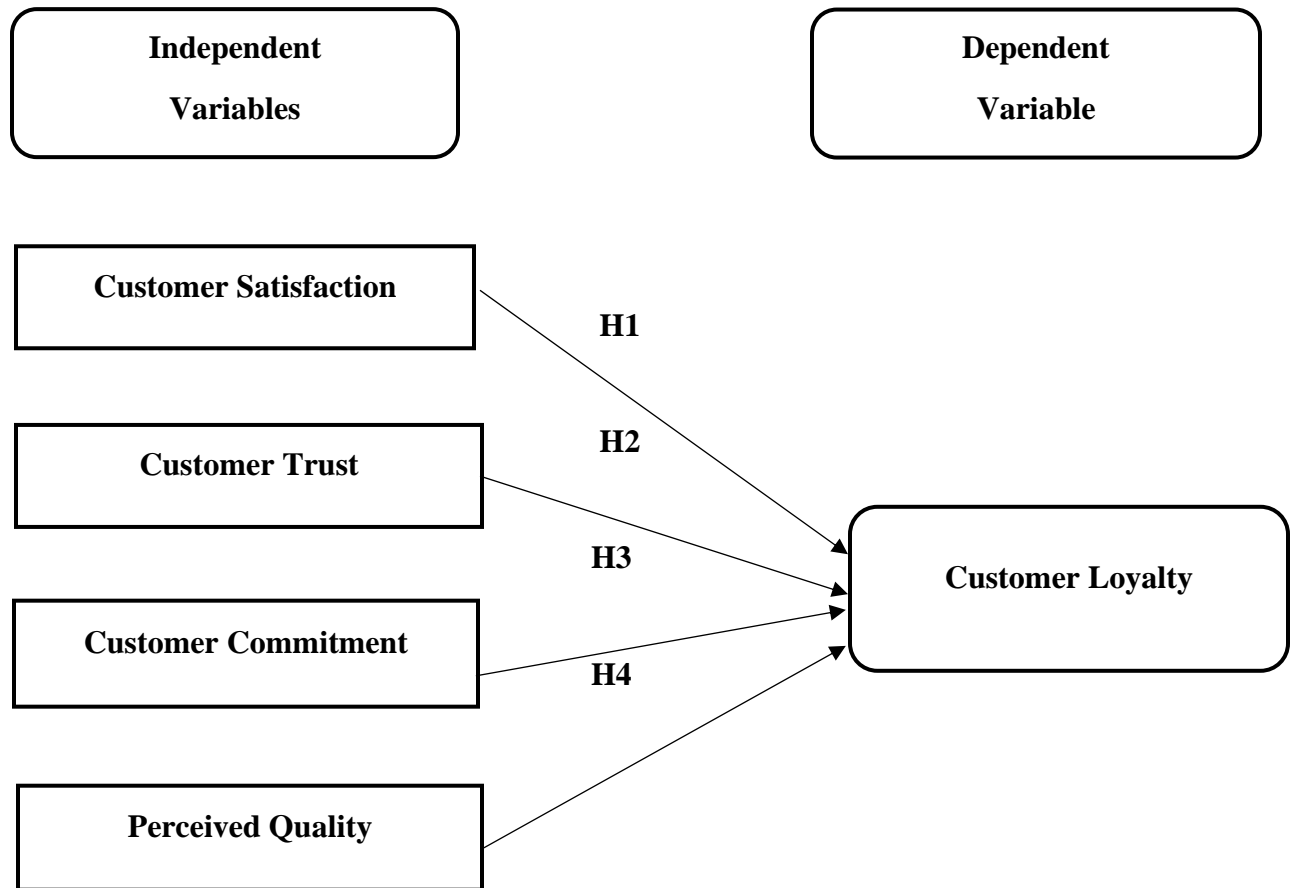**H4**: Customer commitment has a positive impact on customer loyalty.

2.8 Theoretical Framework

In the realm of increasingly competitive markets, the pivotal determinant for securing market share and fostering enduring growth over a prolonged duration is recognized as customer loyalty (Afsar et al., 2021). The prosperity of an organization hinges upon the perception of the product it offers. Research has demonstrated that the product's image significantly influences customer loyalty (Afsar et al., 2021). The image serves as the primary point of attraction for consumers and significantly influences their purchasing decisions. It is a portrayal of a company's standing and the product's quality. The image stands as a critical element that bestows contentment upon consumers regarding the product's attributes.

Customer satisfaction emerges as a pivotal factor significantly impacting customer loyalty (Hoq et al., 2023). It stands as a vital concern for both theoreticians and practitioners in marketing and customer research (Jamal et al., 2021). A satisfied customer exhibits a repeated inclination towards purchasing the product. It is a crucial element that profoundly influences consumers, meeting their associated needs with a product. Dissatisfied consumers tend to convey negative impressions to potential consumers, resulting in diminished loyalty (Newman, 2020). This underscores the high correlation between customer satisfaction and loyalty (Hoq et al., 2021).

Trustworthiness delineates the reliability of a product in meeting customer expectations, thus emerging as a crucial precursor to customer loyalty (Reichheld et al., 2020). It denotes the level of confidence consumers possess in the product's offerings (Zeithaml et al., 2021). Trustworthiness signifies a product's ability to deliver core benefits to the consumer, drawing consumers based on their trust in these features. The nature of the relationship between the customer and the product is instrumental in determining customer loyalty. Research has identified that fostering a positive customer relationship significantly contributes to customer loyalty (Hoq et al., 2021).

2.9 Research Framework

| Independent Variables | | Dependent Variable |

| Customer Satisfaction | | |

H1

| Customer Trust | | |

H2

H3

| Customer Commitment | | |

H4

| Perceived Quality | | |

| Customer Loyalty |

Chapter 3

Research Methodology

Introduction

In this chapter, the methodology is to be described which is used to find the Impact of critical factors that influence customer loyalty (a study of Pakistani commercial banks). This chapter includes research design, research instrument, population and sample size, data collection, data analysis, etc.

3.1 Research Approach

For the sake of impartiality, the study employed a positive paradigm and quantitative research procedures. The current study employs a deductive research approach. The deductive approach begins with the creation of hypotheses based on previously published literature, followed by the formulation of research techniques to develop, and test the hypotheses. The researchers conduct a thorough evaluation of data and information received from the literature to support or refute the given hypotheses (Jonker & Pennink, 2023). The deductive approach begins with the construction of theory, the formulation of hypotheses, and the observation of facts. The research is cross-sectional and confined to positivist philosophy, which has been adopted by many researchers recently.

3.2 Research Design

The exploration configuration is the plan for information collection, estimate, and logical usage (Mackey and Gass, 2020). According to Flick (2020), an Exploration Plan is a Methodology that outlines how and where information should be gathered and evaluated. To meet the examination aims, a positive technique was used in this study. We used a descriptive research design plan for this review. Quantitative techniques exist (Kumar, 2021). Even though the main results are centered on this examination. It was also a comprehensive cross-sectional study.

3.3 Research Strategy

The Investigation Strategy provides a broad study strategy and direction. The investigation makes use of a research design. Overview collects data about human activities, situations, and convictions using polling technologies. This inquiry will collect and survey facts to complete writing points.

Quantitative research was then used to validate the hypotheses around the suggested organizations (McCusker and Gunaydin, 2020).

3.4 Research Instrument

A standardized flexible survey was used to collect data to assess respondents' response to the elements of interest. In many ways, information collection has been completed. Because the current investigation is quantitative, a survey based on the 5 Likert scales was designed for the data collection instrument. This hypothesis followed the standardized survey for key information collection, which was proactively authorized and reviewed. The information was obtained from the normalized review offered in previous tests. Questions of customer Trust and customer commitment have been adopted from (Muddasir Hussain and Waleed Akhter 2020 Relationship, Marketing and Customer Loyalty: Evidence from Banking sector in Pakistan, *Global Journal of management and Business Research*). Whereas, questions of perceived value, customer satisfaction customer loyalty have been adopted from (by Hafiz M. Wasif Rasheed & Muhammad Sajid 2020, Factors affecting customer loyalty in banking sector, *international journal of Finance Reporting*).

3.5 Unit of Analysis

The unit of analysis for this study has been individual comprised of consumers of commercial banks of Islamabad city.

3.6 Population

The population is a classification of peoples, activities, objects that are related to the researchers' interest (Flick, 2020). There are 5 commercial banks operating in Islamabad including (HBL, Meezan Bank, UBL, Askari Bank and Bank Alfalah. According to Islamabad's maintaining almost 0.5 million accounts. The total population that we are assessing in this research is 700. These 5 banks are selected based on the number of clients, sales and market reputation.

3.7 Sample Size

Appropriate sample size or observation plays an integral role in the inquiry. The collected data could not be accurate, and the findings would not be generalizable without an acceptable sample size. The survey in this analysis contained 250 consumers of Islamabad commercial banks. The sample sizes are defined in the Krejcie & Morgan table (1970). Based on these considerations, the justification for a sample size of 250 consumers of Islamabad commercial banks should

demonstrate that it is sufficient to achieve the desired level of precision, representativeness, and statistical power given the context and objectives of the research study. Additionally, referencing the Krejcie & Morgan table (1970) for guidance on determining sample sizes can provide further justification for the chosen sample size methodology.

3.8 Sampling Technique

A questionnaire was utilized to collect data from respondents using non-probability based simple random sampling. It is the most prevalent non-probability approach for picking a sample from a population for several reasons. Sampling at random. And a member of the population has the same chance of being chosen as a sample member using simple random sampling. Data from 250 commercial bank customers in Islamabad.

3.9 Data Collection Procedure

After taking the survey carefully, it was also normalized to make it easier for respondents to obtain reliable answers while gathering findings (Flick, 2020). Using normalized questionnaires, the scientist gathered review information (purchasers) from commercial banks. The surveys were truly and directly compiled by the scientists using the web mediums "Google Docs" and "Google Sheets." Information gathered through surveys was then synchronized to provide fair outcomes and discoveries for the research.

3.10 Data Analysis Techniques

After data collection was completed, data evaluation began with the assistance of several tests to complete the inquiry approach (Kumar, 2021). Various measurable instruments, for example, relapse and connection examination, were used with the assistance of SPSS programming for ongoing data investigation and evaluation of the degree and course of the relationship between consumer loyalty, trust, responsibility, and saw esteem (autonomous variable) and client steadfastness (subordinate variable). Measurable gadgets (relapse and connection) used for information examination have been deeply solid and significant instruments widely used for information inquiry all over the world.

Chapter 4

Data Findings and Analysis

4.1 Overview

The outcomes of the data acquired through the organized poll were discussed in this part. By the end of this section, the reader will have a complete perspective and information in general information and the manner things were organized and gathered, including the foundations and capabilities of the related items. For this study (the Impact of critical factors that influence customer loyalty (a study of Pakistani commercial banks) we select customer loyalty as dependent variable and customer satisfaction, customer trust, perceived quality and customer commitment are using as independent variables. The questionnaire was designed to collect data. This consisted of 6 sections, A was the demographics, B was customer satisfaction, C was customer trust, D was customer commitment, E was perceived quality, and the last F was customer loyalty. Each section consists of 5 questions. The scale was used 5 raking Likert scale. All the responses collected on a demographic basis.

Test the data on the SPSS statistics. In this chapter researchers show the results of the data by using the methods of Reliability Test, Correlation, Regression, Anova and Coefficients.

Abbreviations

Customer Satisfaction (CS)

Customer Trust (CT)

Customer Commitment (CC)

Perceived Quality (PQ)

Customer Loyalty (CL)

4.2 Demographics

The researcher has grouped the data collected into different classes so that it is easier to interpret. The sample size consists of many groups, and they are as follows, what the gender of the respondent is, what their age is, what their designation is, and what their experience in terms of

years is. These questions if answered as per the expectations, then those people were included in the study. Collect the data from 250 consumers of 5 commercial banks of Islamabad.

Table-1

Demographics		Frequencies	Percentages	Cumulative Percentage
Gender	Male	187	75	75
	Female	63	25	100
Age	Less than 30 years	82	33	33
	30 – 45 years	126	50	83
	More than 45 years	42	17	100
Level of income	More than 2 lacs	13	5	5
	More than 1 lac	34	14	19
	Less than 1 lac	205	81	100
Bank association	More than 3 years	117	47	47
	More than 6 years	88	35	82
	More than 9 years	45	18	100

4.3 Reliability (Cronbach Alpha)

Table 2

Reliability Statistics

Variable	Cronbach's Alpha	N of Items
Customer Satisfaction (CS)	.772	5
Customer Trust (CT)	.739	5
Customer Commitment (CC)	.717	5
Perceived Value (PV)	.851	5
Customer Loyalty (CL)	.794	5

Cronbach Alpha: The benefits of Cronbach's alpha demonstrated by dependability metrics are quite satisfying in this review. The advantages of Cronbach's alpha have clearly demonstrated the higher level of unswerving quality and consistency advanced by the poll utilized within the investigation conducted inside the review. Cronbach's alpha benefits are quite close to one, demonstrating the consistent quality of the poll used as well as the trustworthy responses offered by the respondents; it is in the center of the stated standard of 0.7-0.9. This Cronbach alpha demonstrates that the Likert scale is more consistent, and the drifting survey for this quantitative inquiry is genuine and clear.

4.4 Correlation

In this study, the analytical tools employed included correlations, aiming to examine the hypothetical connections among three key variables: service quality, customer satisfaction, and customer loyalty. Specifically, regression analysis was utilized to explore the interplay between different dimensions of service quality and the resulting impact on customer loyalty. As elucidated by Rumsey (2010) and referenced in the research conducted by Jalagat et al. (2022), the interpretation of the correlation coefficient (r) serves to gauge the intensity of associations between variables, where the value of 'r' falls within the range of +1 to -1. A value of -1 indicates a perfectly negative downhill relationship, while +1 signifies a perfectly positive uphill relationship. For instance, a correlation coefficient of -0.70 denotes a strong negative downhill relationship, whereas

+0.70 represents a robust positive uphill correlation. A coefficient of -0.50 signifies a moderate negative downhill relationship, and an 'r' value of 0 implies the absence of a linear relationship between the variables. Moreover, the regression analysis conducted in this study was assessed at a significance level of 0.05.

Table 3

		Customer Satisfaction	Customer Trust	Customer Commitment	Perceived Quality	Customer Loyalty
		Correlations				
Customer Satisfaction	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	250				
Customer Trust	Pearson Correlation	.477**	1			
	Sig. (2-tailed)	.000				
	N	250	250			
Customer Commitment	Pearson Correlation	.510**	.432**	1		
	Sig. (2-tailed)	.000	.000			
	N	250	250	250		
Perceived Quality	Pearson Correlation	.521**	.487**	.519**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	250	250	250	250	
Customer Loyalty	Pearson Correlation	.498**	.474**	.503**	.480**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	250	250	250	250	250

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

The table above shows that the relationship between customer satisfaction and customer loyalty is significant with the magnitude of .498** and in a positive direction. Whereas the relationship

between customer trust and customer loyalty is significant with the magnitude of .474** and in a positive direction. Similarly, the relationship between customer commitment and customer loyalty is significant with the magnitude of .503** and in positive direction. And the relationship between perceived quality and customer loyalty is highly significant with the magnitude of .480** and in positive direction.

Correlation shows a positive side but not on stronger reflection. These are still a considerable result to show the positive impact of independent variable on dependent variable.

4.5 Regression

Another phrase used during the investigation of the information is relapse examination. This is also an extremely important stage in determining if the link between the elements is directly corresponding or in a roundabout fashion relative, and whether they are free or subordinate factors. For our exploration variables, we used a direct relapse assessment. When such results are obtained throughout the full cycle, they can provide the most relevant and reliable information.

Table 4

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.505[a]	.492	.485	.51589

a. Predictors: (Constant), customer satisfaction, customer trust, customer commitment, perceived quality

Value of R indicates the simple correlation. However, the value of R is 0.505 (50.5%), which gives strong indication of high degree correlation between customer satisfaction, customer trust, customer commitment, perceived quality (independent variable) and customer loyalty (dependent variable). Similarly, R^2 gives an indication of extent to which "customer loyalty" can be explained by "customer satisfaction, customer trust, customer commitment, perceived quality". Regarding this study, R^2 is 0.492 (49.2%), which is very high. On the other hand, Adjusted R^2 shows how fit the theoretical model has been. So, when it comes to this study, Adjusted R^2 is 48.5% fit, which is a good sign.

4.6 Anova

Table 5

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	128.316	4	28.216	23.217	.000
1	Residual	146.296	144	1.082		
	Total	274.612	148			

a. Dependent Variable: Customer Loyalty
b. Predictors: (Constant), customer satisfaction, customer trust, customer commitment, perceived quality

The table above describes the ANOVA test, which determines the variance in the dependent variable. The model is massive since the P esteem is less than 5%. The last part of the table "sig" shows the value 0.000, which clearly confirms that our relapse model matches the data because the value is less than 0.05 with 95% confidence. As a result, we can state that the model was completely fit at the 95% confidence interval.

4.7 Coefficients

Table 6

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	**(Constant)**	.466	.258		2.809	.001
	Customer Satisfaction	.082	.075	.085	2.092	.003
	Customer Trust	.061	.077	.062	2.191	.001
	Customer Commitment	.584	.121	.597	3.825	.000
	Perceived Quality	.294	.217	.291	2.972	.001

a. Dependent Variable: Customer Loyalty

Based on the concept, this table indicates the magnitude and significance of relationship between variables of the study. The contribution made by customer satisfaction is 8.2% with the magnitude of .003. Whereas the contribution made by customer trust is 6.1% with the magnitude of .001. However, customer commitment is contributing 58.4% with the magnitude of .000. And perceived quality is contributing 29.4% with the magnitude of .001 to the supply chain management.

4.8 Data Findings

There were four hypotheses was conducted for this research Based on the results expressed above, following have been the findings in concern to the hypothesis of this study.

Hypothesis 1 was 'customer satisfaction has positive impact on customer loyalty in the banking sector of Pakistan' has been accepted in correlation and regression analysis. In correlation analysis, customer satisfaction is positively related with customer loyalty has been proved significant. Hypothesis 2 was 'customer trust has positive impact on customer loyalty in the banking sector of Pakistan' has been accepted in correlation and regression analysis. In correlation analysis, customer trust is positively related with customer loyalty has been proved significant. Hypothesis 3 was 'customer commitment has positive impact on customer loyalty in the banking sector of Pakistan' has been accepted in correlation and regression analysis. In correlation analysis, customer commitment is positively related with customer loyalty has been proved significant. Hypothesis 4 was 'perceived quality has positive impact on customer loyalty in the banking sector of Pakistan' has been accepted in correlation and regression analysis. In correlation analysis, perceived quality is positively related with customer loyalty has been proved significant.

Varibales	Beta	Significance level	Result	Accept / Reject
Customer Satisfaction	.085	0.003	Positive Impact on customer loyalty	Hypothesis accepted
Customer Trust	.062	0.001	Positive Impact on customer loyalty	Hypothesis accepted
Customer Commitment	.597	0.000	Positive Impact on customer loyalty	Hypothesis accepted
Percieved Quality	.291	0.001	Positive Impact on customer loyalty	Hypothesis accepted

Chapter 5

Discussion, Conclusion and Recommendations

5.1 Discussion

This study endeavors to explore the Impact of critical factors that influence customer loyalty in the banking sector of Pakistan. Throughout this investigation, several objectives have been addressed. Firstly, the study aims to scrutinize the connections among Customer Satisfaction, Customer Trust, Perceived Quality, Customer Commitment, and customer loyalty, specifically delving into how customer loyalty is influenced service quality. Based on the regression outcomes, it has been revealed that four out of five hypotheses were supported, displaying a significant Sig value of less than 0.005 in four relationships examined. The independent variables, Customer Satisfaction, Customer Trust, Perceived Quality, Customer Commitment exhibit a positive association with customer loyalty.

The beta value, which indicates the strength and direction of the association between two elements, emphasizes the positive concept of the interaction between the referred components. This positive relationship, expressed through higher positive beta values, delineates the extent of variation in dependent variables (customer loyalty) due to independent variables (Customer Satisfaction, Customer Trust, Perceived Quality, Customer Commitment). Interestingly, while the analysis reveals an overall customer loyalty towards their respective banks, the rejection of the hypothesis concerning the relationship of trust with customer loyalty implies that although customers are content with their banks, this satisfaction doesn't seem to be influenced by the trust-building efforts of these banks. This suggests that there exist additional factors contributing to customer satisfaction beyond the variables considered in this research that impact customer loyalty.

Another objective of our research is to pinpoint the primary factor influencing Impact of critical factors that influence customer loyalty in the banking sector of Pakistan. Regression analysis underscores significantly and positively influences customer loyalty, with a notable positive beta value, signifying that customer loyalty contributes positively. To maintain allegiance to a bank, customers gauge their satisfaction akin to evaluating the quality of services at banks. If banks meet their service quality expectations, customers tend to exhibit loyalty towards them.

The findings of this research hold potential value for future researchers seeking a deeper comprehension of customer loyalty. Moreover, these results carry substantial importance for banks not currently operational in Islamabad but aiming to compete in this lucrative market by fostering customer loyalty and encouraging repeated purchases in the future. Although customer loyalty evolves over time, the creation of loyalty by banks can undoubtedly yield financial advantages, underscoring the pivotal role customer loyalty plays in an organization's success.

5.2 Conclusion

Because of the strong competition, banks use similar techniques to cultivate long-term client connections rather than relying just on transactional ties. In banks, customer satisfaction, fairness of service, trustworthiness and relationship efficiency are known as the main elements. The current study looks at how clients view their service provider's trust, resulting in confidence, happiness and dedication contributing to customer loyalty. This research was carried out on the business banking market, offering an excellent basis for review of our presented bonding. Except for interactional justice, empirical research from confirmatory factors reveals that features of service fairness have a significant influence on customer satisfaction by faith and relationship efficiency in the banking industry.

The research stretches awareness limitations academically by making a different contribution. This study lets us understand the perceived importance, service efficiency, customer retention, brand morale and how they connect in the Pakistani banking sector with customer loyalty. First, the experiments provide an advanced system in the banking industry in Pakistan that forecasts customer loyalty. The role of perceived worth, quality of service, customer happiness, and brand morale in achieving customer loyalty. The consistency of the service is an outstanding tactic in the new competitive world for raising customer retention and company loyalty. The key objective of this analysis is to evaluate the effect on customer satisfaction and customer engagement in Pakistan's bank sector of the different dimensions of quality of service. The results show the important and optimistic correlation of service quality with customer retention and loyalty towards their respective financial services providers and their maximum measurements, such as observable, efficiency, reliability, and empathy. These results are in line with relevant research. That is why it is strongly justifiable. The only result that is not like previous findings is the unimportant correlation between reliability and customer satisfaction, which may be attributable to many

possible explanations: much of previous studies has been performed in developed countries while carrying out the analysis in a developing world where customer service and service qualifications are specified. Bank workers never have timely services in Pakistan and consumers must wait longer to be facilitated.

In today's market-based economy, it has been observed that customers are not committed to a single financial organization. What they require now is stability in labor and goods that successfully handle their problems. That is why financial institutions of today have a great desire to find ways to develop a satisfactory and happy customer base. Therefore, the previously mentioned customer retention precedents should be considered to provide a satisfied customer base that then improves their financial results and profitability.

5.3 Research Implications

The findings of the analysis show three key methods for customer loyalty that can be implemented by bankers. The discrepancy between the one-bank operation and the other one is the way a customer interacts. It is crucial that bank leaders follow policies to build customer happiness. Consumers have a choice about which banks to do business with. The consumer-centered approach is the core of the market for the consumer. Customer centering will lead to higher sales than competition. Customer experience management techniques will provide bank leaders with an incentive to gather input from consumers to provide consumers with tailor designed goods and services. Improved technologies led to knowledgeable buyers, so bank leaders need to establish good partnerships. Consumers therefore expect a partnership not only of some kind, but also of consistency. Leaders carry out employee action initiatives, maximize organizational performance, which contribute to strategic advantages. Company executives gain comparative advantage as they are better than rivals, they meet customer needs. The results of this study could lead banking industry leaders to improve their awareness about the strategies to achieve competitive gain.

In a country's economy, banks play an important role. The extra funding of individuals and corporations is one of the core roles of banks. Corporate societies rely on banks to provide financial resources to develop and build businesses. Banks invest in various transactions by surplus income deposits and credit advance transfer to deficit areas. The advance of banks' credit is a boast of economic growth. Banks also offer credit networks to individuals in order to increase their living

conditions. Persons obtain loans to research, purchase personal necessities, such as vehicles, homes, and other general needs that they cannot afford. Banks also invest in social organizational responsibility to help disadvantaged societies. This research is important because of the important role of banks in raising the quality of life and living standards. If banks recognize the driving factors behind customer loyalty, policies can be implemented to improve customer satisfaction. The association between the higher customer satisfaction levels and higher corporate results was positive by enhancing efficiency, banks may promote business social responsibility and lending to better life. People in the city will deal with the banks better if their lives progress and the positive social change has an enormous impact. Therefore, this research is significant, and the results may reinforce the central position of the banking sector in the economy.

5.4 Recommendations

The key goal of this research project is not only to suggest research-oriented work but also to propose specific suggestions. For banking services companies in Pakistan, the following guidelines are formulated:

1. Customer loyalty is a very significant aspect that not only forces consumers to stay faithful to the brand, but also indicates that they are drawn to the enterprise through a marketing mechanism. A happy consumer's word of mouth is more important than any other advertised medium.

2. Marketers need to consider and recognize the reasons that improve customer loyalty in Pakistan's banking sector, i.e. high standard of service. Repeating consumer's details about their views, preferences, and feedback for improving the quality of service needs to be carried out regularly.

3. The banking institutions must follow a win-win quality-of-service approach to respect the customer and stay faithful to the business. The value offered must consider customer loyalty.

4. Customer satisfaction predictors, including care outcomes (i.e. assurance and empathy, dependence, insurance, and self-awareness), are also high and must stay at the forefront of the plan to improve customer satisfaction and engagement, and to have value. These aspects can be the center of the strategy for maximizing customer satisfaction.

5. Service consistency is perhaps the most significant factor in customer satisfaction. The primary target for the corporate plan of financial institutions in Pakistan must, therefore, be the provision of high-quality services.

6. In Pakistan's financial institution should look at the current approaches to deliver quality services through relationship management strategies in addition to the customer satisfaction predictors utilized in this report. These techniques have the ability to reinvent the organization's corporate function and concentrate on establishing a long-standing partnership with the client by delivering high quality services.

7. In customer care, characteristics of goods and relationship management, financial service providers, i.e. banks in Pakistan, all are the same. These financial service firms would consider creating a strategic advantage that separates the company's goods and services. The availability of high-quality services plays a major role among the factors that enable financial institutions to compete effectively with their competitors in today's market-driven economy.

8. It is important to innovate offerings in accordance with customer requirements. The emphasis in all tactics must be on the client. Financial organizations would recognize their service efficiency advances in this respect in terms of their final performance. The focus should be on the present situation in the longer term.

9. In this regard, the longitudinal strategy should be evaluated to assess the needs and needs of individual population sectors so that tailored programmers can be planned and channeled to address in general the needs and demands of the community and, ideally, to maximize their satisfaction and commitment to their corresponding financial services provider (s). If adopted, the above system suggestions could be effective in improving service quality in Pakistan's banking sector.

5.5 Limitations & Future Research

The influences driving client satisfaction in the banking sector have been found in this report. In future studies the same pattern is also true in other sectors and the longitudinal study methodology can be used to further establish the relationship. In addition, the negligible interactional justice and confidence ties that arise from further links can be further explored across enhanced distant networks. Increased sample size can also offer valuable insights into the method of creating loyalty through relationship consistency. In other sectors and settings this paradigm can be repeated to

improve the outcomes generalization. Different other factors, such as the quality of the operation, market equity and person changes in bank services experience, may offer important and interesting insights into the future. It is worth learning how the understanding of service fairness and the trust of banking service providers by the commercial baking consumers vary. It will be fascinating. In future research, Islamic and commercial banking clients' findings can be compared.

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Appendix

Impact of critical factors that influence customer loyalty. (a study of Pakistani commercial banks)

Dear Respondent, I am an MBA Scholar at Bahria University School of Management, Islamabad. I am conducting research on assessing the customer loyalty in the banking sector of Pakistan. You can help me with my research project by completing this questionnaire, which you will find quite interesting. I will appreciate your participation in my study. It will take hardly about 10-15 minutes of your precious time. Please read the instructions carefully and answer all the questions. It is important that all the questions be answered. I once again thank you for your assistance and cooperation in this academic pursuit.

Demographics

Name: _____

Age: _____

Gender: _____

Level of income:

1- Less than 1 lac
2- Mora than 1 lac
3- More than 2 lac

Which bank are u using: _____?

How many years have you had an association with this bank?

1- More than 3 years
2- More than 6 years
3- More than 9 Years

Scale

1	2	3	4	5
SDA	*DA*	*N*	*A*	*SA*
Strongly disagree	Disagree	Neutral	Agree	Strongly Agree

Customer Satisfaction

		SDA	DA	N	A	SA
CS 1	I am satisfied to choose this bank					
CS 2	Bank has pleasant impression on me					
CS3	Bank give all expected services					
CS 4	I continue to use my bank in the future					
CS 5	I suggest this bank to my friends					

Customer Trust

		SDA	DA	N	A	SA
CT 1	The bank is very concerned with security for my transactions					
CT 2	The bank's promises are reliable. The bank is consistent in providing quality service					
CT 3	Employees of the bank show respect to consumers					
CT 4	The bank fulfils its obligations to consumers					
CT 5	I have confidence in the bank's services					

Customer Commitment

		SDA	DA	N	A	SA
CC 1	The bank adjusts suit my needs					
CC 2	The bank offers personalized services to meet customer need					
CC 3	The bank is flexible when its services are changed					
CC 4	The bank is flexible in serving my needs					
CC 5	The bank offers me good solutions					

Perceived Value

		SDA	DA	N	A	SA
PV 1	My bank fulfills my needs					
PV 2	The length of time taken to solve my problem was longer than necessary					
PV 3	The service organization showed adequate flexibility in dealing with my problem					
PV 4	Value creation always satisfy you					
PV 5	The employees were appropriately concerned about my problem					

Customer Loyalty

		SDA	DA	N	A	SA
CL 1	I like the services and offers of my bank					
CL 2	I like the performance and services of my bank					
CL 3	I have repeatedly found my bank better than others					
CL 4	I visit bank regularly because of its services					
CL 5	I would always continue to favor the offerings of my bank before others					

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