



## Factors Influencing Customer Loyalty in Banks: The Mediating Effect of Customer Trust

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### Abstract

This study adds to the body of existing knowledge by examining the relationship between service quality (SQ), customer satisfaction (CS), brand reputation (BR), corporate social responsibility (CSR), and the mediating effect of customer trust (CT). This study's primary goal is to identify the individual and intuitive effects of service quality, customer satisfaction, brand reputation, and corporate social responsibility (CSR) on customer loyalty (CL). Additionally, the research investigates the significance of consumer trust as a mediator. The research collected responses from a diverse sample of 300 banking customers. A structured questionnaire was employed as the primary instrument for data collection. The questionnaire was made available to the bank customers in Lahore through online channels. The Statistical Package for the Social Sciences (SPSS), Smart Partial Least Squares (PLS) and MS Excel was used for data analysis. A robust analysis was also performed by using MS Excel. The results show that CSR did not considerably meaningfully affect CL, even while SQ, CS, and BR had strong positive impacts on customer loyalty. This result calls for further research into the particular facets of CSR that might affect CL in the banking industry. The findings of the research may be specific to the context of the banking industry in Lahore and might not be directly generalizable to other regions or industries. The outcomes of this research offer practical implications for banking institutions seeking to enhance customer loyalty. Understanding the drivers of loyalty can guide strategic decisions related to SQ, CS, and BR.

**Keywords:** Service quality, Customer satisfaction, Brand reputation, Corporate social responsibility, Customer trust, Customer loyalty, Banking sector

### 1. Introduction

One of the most important sectors of the economy in every country is the banking sector. Banks perform a key role in offering financial services to people and companies, and they are essential to economic growth and prosperity. However, the banking market is also quite competitive, and banks need to separate out in order to attract as well as retain customers.

A way that banks may differentiate themselves is by giving wonderful customer service. CS is an essential component of CL, and banks that can often meet or exceed customer expectations are more likely to have loyal customers. A different way that banks can distinguish themselves is by building a strong brand reputation. A great brand reputation is an important asset, and it may assist banks to acquire new clients and keep existing customers. Banks may establish a positive brand reputation by offering high-quality services, being honest and genuine in their relationships with consumers, and participating in CSR schemes.

Customer trust is also a crucial aspect of customer loyalty. Customers are more probable to have loyalty to entities that they trust. Banks may establish customer trust by giving great customer service, resolving customer problems rapidly and efficiently, and being truthful and open in their communications with customers. In this evolving environment, customer satisfaction emerges as a crucial element in maintaining and gaining new customers. The degree to which a bank can fulfill or surpass customer expectations is a critical determinant of the customer's loyalty. Every encounter with a customer affects their viewpoint and attitude, making it vital for banks to emphasize service quality and continually increase it to satisfy ever-changing customer needs.

Simultaneously, the reputation of a bank holds great significance in the eyes of customers. A strong and solid brand reputation is not simply an edge over competitors but also an essential component of trust. Customers place their financial health in the hands of their chosen bank, and a good brand reputation promises them that their interests are safeguarded. A research by Al-Jammal and Al-Hawarden (2021), indicated that CS, brand reputation, SQ, and CSR all have a positive influence on loyalty of customers and that CT mediates the link between these variables and customer's loyalty. The study indicated that customers who feel satisfied with their banks, have a good opinion of their banks' brands, and consider their banks to be socially responsible are more likely to trust their banks, and this trust contributes to enhanced customer loyalty.

### 2. Literature Review

#### 2.1. Customer Satisfaction

CS is a pivotal factor influencing CL in the banking industry. The customers who are satisfied are more probable to buy back banking services, refer the bank to others, and have a positive overall perception of the bank. Customer satisfaction is one way that banks can separate themselves from their rivals. Numerous studies have shown a beneficial relationship between CS and CL in the banking industry.

Oliver (1999) provides an in-depth analysis of CS, summarizing what was known at the time and identifying areas for further research. He defines customer satisfaction as "the consumer's favorable or unfavorable. He provides an in-depth analysis of CS." He emphasizes the importance of CS for businesses, noting that it is a key factor of customer loyalty, profitability, and growth. He provides valuable insights into the field of customer satisfaction and its implications for marketing and business strategies. Anderson and Sullivan (1993) explore the factors that lead to CS and the impact of CS on businesses. This study has been influential in the areas of marketing and customer relationship management (CRM). The study concluded that one of the primary drivers of CS is SQ.

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When customers feel that they get excellent customer service, they are more likely to be satisfied. The study emphasizes the importance of the discrepancy between customer expectations and their perceptions of the service obtained.

The study by Anderson, Fornell, and Lehmann (1994) investigates the relationship between CS, market share, and profitability, focusing on the Swedish market. The research gives beneficial insights into the business dynamics, particularly in the context of how customer satisfaction can impact a company's market performance and profitability. The research reveals a positive correlation between CS and a company's market share.

## **2.2. Service Quality**

Didit Darmawan's (2017) study emphasizes the significance of SQ in the banking sector. The findings indicate a positive and favorable relationship between SQ and CS. This aligns with previous research in the field. Many researchers have proved that higher SQ leads to high CS, which, in turn, adds to CL.

The relationship between SQ, CS, and CL is examined in NGO, Vu Minh a Huan Huu NGUYEN (2016). The research found a positive link between SQ and CS. High SQ in the retail banking industry, such as prompt and accurate services, friendly staff, and efficient problem resolution, is more probable to lead to increased CS. Ramachandran, A., Chidambaram, V. (2012) focused to find the level of CS regarding SQ in the banking industry. The study discovered a favorable relationship between SQ and CS. The customers who receive higher SQ were more satisfied with their banking experience.

Hafeez and Muhammad's (2012) study likely found that SQ is a critical factor of CL in the banking field of Pakistan. SQ is a fundamental aspect of customer experience, as it consists of various dimensions such as, responsiveness, tangibles, assurance, reliability and empathy. The impact of SQ, corporate image, and CS on customers' perceived value in Pakistani banks is examined in a study conducted by Zameer et al. (2015). SQ has a significant impact on customers' perceived value in the banking industry, according to research by Zameer et al.

## **2.3. Brand Reputation**

Brand reputation is the overall public perception of a company's brand. It is influenced by a variety of factors, consisting of the level of quality of the firm's goods and services, customer support, its ethical practices, and its overall image.

According to a 2007 research by Bontis, Booker, and Serenko, in the banking industry, organizational reputation acts as a moderator in the connection between CS and both CL and service recommendation. The research also found that organizational reputation is a stronger predictor of CL than CS alone. The study's conclusions are significant for a variety of reasons.

With CS acting as a mediator, the study by Shaohua Yang, Qaisar Iqbal, Rizwan Ullah Khan, and Yashar Salamzadeh (2022) examined the effects of business reputation customer relationship management (CRM) on CL. The research found that both have a favorable and substantial effect on CL and that CS partly mediates the link between CRM, company reputation, and CL.

In the context of Kenya Commercial Bank, Onyancha's (2013) research study examined the influence of bank brand image on CS and CL. Andreassen and Lindestad (1998) discovered that CL is significantly impacted by corporate image, although indirectly, mediated by CS and disconfirmation of expectations.

## **2.4. Corporate Social Responsibility**

In the Basque Country, Aramburu and Pescador (2019) investigated the impact of CSR on CL in cooperative banks as opposed to commercial banks, with a reputation as a mediator. They discovered that a strong positive correlation exists between CSR and CL. Osakwe and Yusuf (2021) investigated how CSR affected CL. The study's findings indicate that CSR significantly improves CL. These findings recommend that CSR can be used as a roadmap towards CL.

Pelozo and Ployhart (2003) reveals that CL benefits significantly from CSR. A study by Carroll and Shabana (2010) explored that CSR mediates the link between CL brand image. This finding recommends that businesses should concentrate on improving CS, trust, and commitment in order to enhance the positive effect of CSR on CL.

Ruiz and García (2021) investigated the association between CSR and reputation in the banking sector. CSR has a substantial positive impact on reputation. This effect is stronger for banks that are perceived as more ethical and socially responsible. The effect is also stronger for customers who are more interested in CSR.

A study by Fombrun and Rindova (2003) found that CSR enhances a company's reputation by signaling to stakeholders that the company is trustworthy and committed to doing well.

The relationship between CL and CSR in the Islamic banking sector was examined in Muflih's (2021) research. The study showed that CSR significantly increases CL among 283 Indonesian Islamic bank customers. The impact is mediated by the reputation and trust of the customer.

Abd-El-Salam, Shawky, and El-Nahas (2013) found that corporate image and reputation, which are both impacted by CSR, have a significant and favorable impact on CS and CL. A literature by Wang, Yang, and Shen (2019) found that brand reputation, which is also influenced by CSR, has a significant favorable effect on CL in the banking business.

In 2020, Bhutta, U. S., Iqbal, M. K., Raza, A., and Rather, R. A. indicate that CSR is not directly linked to CL, but trust enhances the influence of CSR on CL. This research examines the long-term effects of corporate social responsibility (CSR) on customer behavior, including customer loyalty.

## **2.5. Customer Trust**

Leninkumar (2017) investigated the link between CS, CT, and CL in a sample of commercial bank customers in Sri Lanka. The research found that CS and CT had a positive and favorable effect on CL. The research also found that CT mediated the link between CS and CL. Anderson and Narus's (1990) study discovered that CS and CT improved CL. Similarly, the connection between CS and CL was mediated by CT, according to a research by Morgan and Hunt (1994), Hussain (2014). Sitorus and Yustisia (2018) looked at the link between SQ, CT, and CL as well as how CS mediates it. According to the research, CS and CL were positively and significantly impacted by SQ. Additionally, CT significantly and favorably impacted CS and CL.

Morgan and Hunt's (1994) study found that CT positively impacted CS and CL. Banahene, Mensah, and Asamoah (2018) looked at how CS affected loyalty and how trust acted as a moderator. According to the study's findings, CS positively impacted loyalty both directly and indirectly via trust.

This means that customers who were satisfied with their banks were more likely to be loyal to their banks, both because they were happy with the bank's services and because they trusted the bank. Hazra and Srivastava (2009) investigated the influence of SQ on CL, commitment, and trust in the Indian banking business. The research revealed that SQ had a positive influence on all three of these outcomes. The study also explored that customer commitment mediated the link between SQ and CL. This means that customers who were satisfied with the quality of service given by their bank were more probable to be loyal to the bank, both because they were committed to the bank and because they were pleased with the bank's services.

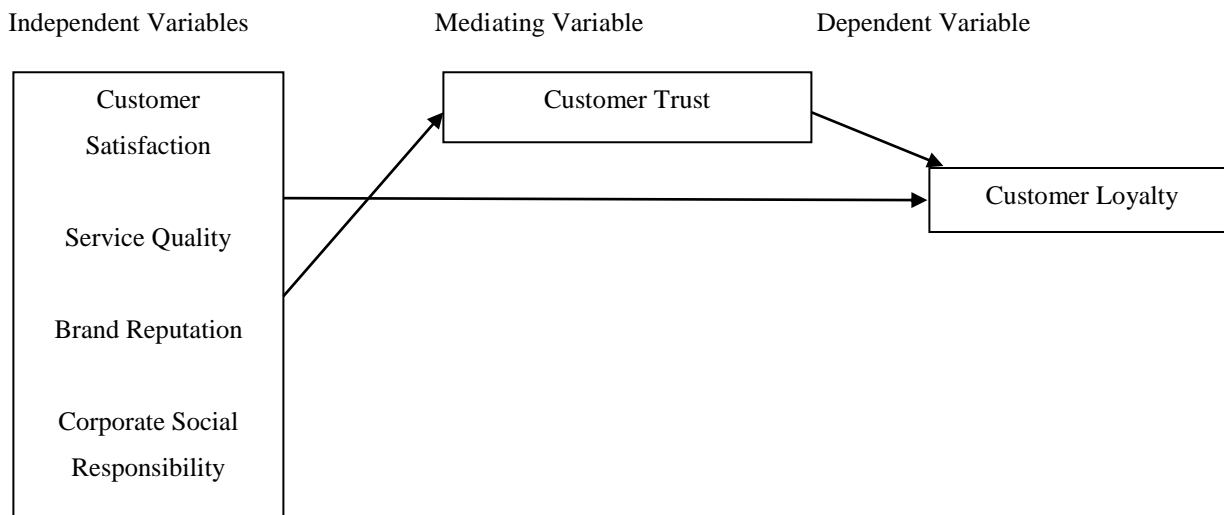
## 2.6. Customer Loyalty

Guruwo and Chiguvi (2017) investigated how CS affected CL in Botswana's banking sector. The investigation found that CS significantly and favorably affected CL. This means that customers who were satisfied with their banking experience were more probable to be loyal to their bank. In their 2014 research, Khan and Fasih examined how SQ affected CS and CL in Pakistan's banking sector. The study discovered that SQ significantly and favorably affected CS and CL. It means that customers who perceived their bank to be providing good-quality service were more probable to be happy with their bank and to have loyalty to their bank.

In the Malaysian banking sector, Arokiasamy's (2013) research looked at the impact of CS on CL and switching intentions. The results of the research showed that CS positively impacted CL and switching intentions. In the Indonesian banking sector, Darmawan's (2018) research examined the effects of SQ, CS, and corporate image on CL. All three of the factors were shown to have a beneficial effect on CL. The conclusion that SQ improves CL is consistent with earlier studies. For example, a study conducted in 1990 by Zeithaml, Parasuraman, and Berry found that SQ improved CS and CL. Banks are constantly competing for customers by offering new products and services and by improving their SQ. In this competitive environment, banks need to concentrate on building CL so as to maintain their market share and profitability.

Sivesan's (2012) study investigated the influence of relationship marketing on CL in the banking industry. The research concluded that relationship marketing had a significant and favorable impact on CL. This means that banks that invest in relationship marketing initiatives are more probable to have loyal customers.

## 2.7. Conceptual Framework and Hypothesis Development



Following hypothesizes have been developed for this research;

### H1: Brand reputation influences customer loyalty

Brand reputation also plays a role in CL. Customers are more probable to have loyalty to banks with strong reputations. This is because they feel confident that these banks are reliable and will meet their needs.

### H2: Brand reputation influences customer trust in banks

Brand reputation also plays a role in customer trust. Banks with strong reputations are seen as being more trustworthy than banks with weak reputations. This is because a strong reputation signals that the bank is well-established, financially sound, and has a commitment to ethical behavior.

### H3: Customer satisfaction has significant impact on customer loyalty

Customer satisfaction is also a key predictor of CL. Customers who are more happy and pleased with the products and services they get from their bank are more probable to have loyalty to that bank.

### H4: Customer satisfaction influences customer trust in banks

It states that CS positively influences CT in banks. This means that when customers are highly pleased with the products and services they get from their bank, they are more probable to trust that the bank will fulfill their needs and expectations..

### H5: CSR influences customer loyalty

CSR can also influence customer loyalty. Customers are more probable to have loyalty to banks that participate in CSR activities. This is because they see these banks as being more socially responsible and trustworthy.

#### **H6: Corporate social responsibility influences customer trust in banks**

Corporate social responsibility (CSR) is another factor that can influence customer trust in banks. Banks that engage in CSR activities, such as donating to charity or supporting environmental causes, are seen as being more socially responsible and trustworthy. This is because CSR activities demonstrate that the bank cares about more than just profits and that it is committed to making a positive impact on society.

#### **H7: Customer trust has significant impact on customer loyalty**

CT is a key driver of customer loyalty in the banking industry. Customers who trust their bank are more probable to continue with the bank and to suggest it to others. This is because they feel confident that the bank will take care of them and that they are getting the best possible products and services.

#### **H8: Service quality influences customer loyalty**

As mentioned above, SQ is a key element of CS and customer trust. As a result, it is also a key determinant of customer loyalty. Customers who receive high-quality service from their bank are more probable to have loyalty to the bank.

#### **H9: Service quality influences customer trust in banks.**

This hypothesis states that there is a positive relationship between SQ and CS in banks. In other words, as the quality of service increases, CT in the bank is also expected to increase.

### **3. Research Methodology**

This study adopts an explanatory research design, aiming to look into the common relationships between SQ, CS, BR, CSR, CT, and CL in the banking industry. The study employs a quantitative approach to gather and analyze data through questionnaires. This study takes up a quantitative approach, utilizing a structured questionnaire to gather data from bank customers. The study employs a descriptive and correlation design to examine the relationships between the variables of interest. Additionally, robust analysis techniques are applied to strengthen the reliability and generalizability of the findings. The study's intended target group comprises bank customers in the Lahore, Pakistan. A simple random sampling technique was employed to select a representative sample of 300 respondents. By using this technique, each group member has an equal probability of getting selected, reducing sampling bias and enhancing the generalizability of the findings. Data from the chosen sample was gathered using a standardized questionnaire. The constructs of service quality, customer satisfaction, brand reputation, corporate social responsibility, customer trust, and customer loyalty were all measured by the questionnaire's design using standardized scales adapted from relevant literature. A Likert scale was utilized, with response options 1 shows "Strongly Disagree", 2 shows "Disagree", 3 for "Neutral", 4 corresponds to "Agree" and 5 signifies "Strongly Agree." The questionnaire was distributed electronically through Google Forms. The questionnaire was distributed electronically to a pool of bank customers via email and social media platforms.

### **4. Data Analysis and Techniques**

Analysis of data was conducted using Statistical Package for the Social Sciences (SPSS), Smart PLS version 4, and Microsoft Excel. SPSS was used for demographic analysis, correlation analysis and structural equation modeling. To investigate the proposed correlations between the constructs, structural equation modeling (SEM) analysis was performed using Smart PLS 4. Microsoft Excel was also used for hypothesis testing with the help of regression analysis. Robust analysis was also conducted to assess the stability of the findings and identify any potential outliers or influential cases. The results of the robust analysis indicated that the findings were consistent. Descriptive statistics were employed to analyze the sample's demographic characteristics and the distribution of variables. Correlation analysis was used to assess the relationships between the variables. SEM, or structural equation modeling, was used to evaluate the proposed correlations and examine the mediating effect of customer trust. Robust analysis techniques, such as bootstrapping, were applied to enhance the reliability and generalizability of the findings.

### **5. Results and Discussion**

#### **5.1. Demographic Profile of the research sample**

Demographic analysis revealed that the sample comprised individuals from various gender, age groups, educational backgrounds, and income levels, reflecting a diverse customer base in the banking field. This diversity enhances the generalizability of the findings.

The table shows that there are more male customers (68.3%) than female customers (31.0%). This suggests that the banking industry in Lahore, Pakistan, may be more heavily skewed towards male customers. The majority of respondents are aged 18-25 (54.7%). This indicates that a significant portion of bank customers in Lahore are young adults. The marital status distribution of the sample suggests that the banking industry in Lahore, Pakistan, serves a single customer base. Most respondents hold a Bachelor and Master's degree (45% and 49% respectively). This suggests that the banking industry in Lahore caters to a well-educated clientele. The majority of respondents is students (42.3%) or employed (52.3%). This suggests that the banking industry in Lahore serves a diverse range of customers.

#### **5.2. Reliability & Validity Analysis**

##### **5.2.1. Reliability**

**Cronbach's alpha:** Every Cronbach's alpha value in the table below is more than 0.70, showing that the measures are internally consistent and reliable. The higher level of Cronbach's alpha between the items means that the items within the construct have the same meaning.

**Composite reliability (rho\_a):** In this research, all of the composite reliability (rho\_a) values are above 0.70, indicating that the measures are internally consistent and reliable.

**Composite reliability (rho\_c):** A composite reliability (rho\_c) of 0.70 or higher is generally considered to be good reliability. In this study, all of the composite reliability (rho\_c) values are above 0.70, indicating that the measures are internally consistent and reliable.

**Table 1: Demographic Profile of Respondents**

Variable	Description	Frequency	Percentage (%)
Gender	Male	205	68.3
	Female	93	31.0
	Prefer not to say	2	0.7
Age	18-25	164	54.7
	26-35	91	30.3
	36-45	38	12.7
	Above 45	7	2.3
	Single	204	68.0
Marital Status	Married	96	32.0
	Basic	11	3.7
Qualification	Bachelors	135	45.0
	Masters	147	49.0
	PhD	7	2.3
Occupation	Student	127	42.3
	Employed	157	52.3
	Unemployed	4	1.3
	Business	12	4.0
	Below 50,000	150	50.0
Monthly Income	50,000-80,000	79	26.3
	81,000-100,000	48	16.0
	Above 100,000	23	7.7

**Table 2: Reliability & Validity**

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
BR	0.648	0.65	0.791	0.487
CL	0.847	0.852	0.897	0.685
CS	0.742	0.748	0.838	0.565
CSR	0.666	0.669	0.799	0.5
CT	0.726	0.739	0.818	0.476
SQ	0.769	0.787	0.832	0.388

### 5.2.2. Validity

**Table 3: Discriminant Validity**

	BR	CL	CS	CSR	CT	SQ
BR	0.698					
CL	0.437	0.828				
CS	0.425	0.542	0.751			
CSR	0.416	0.305	0.308	0.707		
CT	0.444	0.463	0.394	0.408	0.69	
SQ	0.527	0.518	0.566	0.465	0.532	0.623

**Convergent Validity:** The Average Variance Extracted is a convergent validity measure that evaluates the extent to which the underlying concept accounts for the variation in a scale. An AVE of 0.50 or higher is generally considered to be good convergent validity. This means that the items for each construct are measuring the same underlying concept. In this study, for certain constructs, the AVE is marginally below the 0.50 criterion as given in table 4.7. However, this is still within an acceptable range.

**Discriminant Validity by Fornell-Larcker:** The Fornell-Larcker criterion is a commonly used measure of discriminant validity. The squared correlation between every pair of constructs is compared to the average variance extracted (AVE) of each construct. If a construct's AVE value is higher than the squared correlation between it and any other construct, then discriminant validity is established. Each AVE exceeds the squared correlations of the respective constructs as shown in table 3. This indicates that discriminant validity is established for all of the constructs in the model.

### 5.3. Assessing Collinearity

VIF values greater than 3.3 indicate that collinearity is present and could be a problem for the model. In the table 4, all of the VIF values are less than 3.3, indicating that collinearity is not a problem for the model.

**Table 4: Collinearity (VIF)**

	VIF
BR -> CL	1.55
BR -> CT	1.505
CS -> CL	1.535
CS -> CT	1.522
CSR -> CL	1.385
CSR -> CT	1.345
CT -> CL	1.53
SQ -> CL	2.022
SQ -> CT	1.872

### 5.4. Assessing Coefficient of Determination R<sup>2</sup>

The R-square indicate the extent to which predictor variables account for the variation in the dependent variable. R-square values can range from 0 to 1, with greater values signifying a superior fit. In this study, the values indicate that the models explain 40.4% and 34.6% of the variance in CL and CT, respectively. In general, R-square values of 0.30 or higher are considered to be good. The R-square values in this scenario are above this threshold, indicating that the models fit the data well.

**Table 5: R-Square**

	R-Square	R-Square Adjusted
CL	0.404	0.394
CT	0.346	0.337

### 5.5. Assessing the Level of f<sup>2</sup> (Effect Sizes)

F-square values measure the strength of the impact of independent factors on the variable that is the dependent one. The values in the table below show different strength of the relationship among the variables.

**Table 6: F-Square**

	F-Square
BR -> CL	0.018
BR -> CT	0.03
CS -> CL	0.11
CS -> CT	0.009
CSR -> CL	0
CSR -> CT	0.03
CT -> CL	0.04
SQ -> CL	0.024
SQ -> CT	0.08

The relationship between CS and CL is the strongest, with an F-square value of 0.110. This suggests that CS can explain 11% of the variation in CL.

The relationship between CS and CT is very weak, with an F-square value of 0.009. This suggests that CS can explain only 0.9% of the variation in CT.

The link between CSR and CL is the weakest, with an F-square value of 0.000. This suggests that CSR cannot explain any of the variation in CL.

### 5.6. Importance Performance Matrix Analysis (IPMA)

The IPMA Matrix results suggest that customer satisfaction is very crucial factor achieving CL. This aligns with the findings of the F-square analysis, which also showed that CS is the best indicator of CL.

The IPMA Matrix results also suggest that CSR is the least crucial component in customer loyalty. This may be because CSR is not directly tied to the customer experience. This matrix also shows that brand reputation & customer trust have high performance among all latent variables. Overall, the IPMA Matrix results suggest that the banks should concentrate on improving the performance of customer satisfaction and SQ in order to achieve CL.

**Table 7: IPMA Matrix**

Variables	Customer Loyalty (Importance)	Customer Loyalty (Performance)
BR	0.161	75.047
CS	0.335	73.488
CSR	0.028	71.96
CT	0.191	75.021
SQ	0.23	70.953

### 5.7. Correlation Analysis

The correlation matrix provided shows the correlation coefficients between various latent variables. The correlation coefficients range from 0.305 to 0.566, indicating that there are weak to moderate positive correlations between the variables.

**Table 8: Correlations**

	BR	CL	CS	CSR	CT	SQ
BR	1	0.437	0.425	0.416	0.444	0.527
CL	0.437	1	0.542	0.305	0.463	0.518
CS	0.425	0.542	1	0.308	0.394	0.566
CSR	0.416	0.305	0.308	1	0.408	0.465
CT	0.444	0.463	0.394	0.408	1	0.532
SQ	0.527	0.518	0.566	0.465	0.532	1

The correlation analysis's findings suggest that the relationships are significant between the latent variables. This is consistent with the findings of the IPMA Matrix analysis, which also showed that customer satisfaction, service quality & brand reputation are all important factors in customer loyalty.

### 5.8. Regression Analysis

The table given below shows the regression results for all nine hypothesis: BR->CL, BR -> CT, CS->CL, CS->CT, CSR->CL, CSR-> CT, CT-> CL, SQ -> CL, and SQ-> CT. The table shows the original sample mean (M), T-statistics, standard deviation (STDEV), and P-values for each variable.

**Table 9: Regression Analysis**

	Original sample (O)	Sample mean (M)	Standard deviation	T statistics	P values
BR -> CL	0.161	0.164	0.068	2.368	0.018
BR -> CT	0.171	0.171	0.064	2.688	0.007
CS -> CL	0.335	0.333	0.066	5.097	0
CS -> CT	0.094	0.093	0.065	1.455	0.146
CSR -> CL	0.028	0.029	0.06	0.468	0.64
CSR -> CT	0.162	0.165	0.065	2.498	0.013
CT -> CL	0.191	0.192	0.068	2.804	0.005
SQ -> CL	0.23	0.231	0.068	3.412	0.001
SQ -> CT	0.313	0.32	0.068	4.578	0

### 5.9. Hypothesis Testing

- **BR->CL:** The T-statistic for BR->CL is 2.368, and the P-value is 0.018. This indicates that BR and CL have a positive, statistically significant relationship.
- **BR -> CT:** The T-statistic for BR -> CT is 2.688, and the P-value is 0.007. This indicates that BR and CT have a positive, statistically significant relationship..
- **CS->CL:** The T-statistic for CS->CL is 5.097, and the P-value is 0.000. This indicates that CS and CL have a positive, strong statistically significant relationship.
- **CS->CT:** The T-statistic is 1.455 and the P-value is 0.146. This suggests that there is no statistically significant link between CS and CT.
- **CSR->CL:** The T-statistic is 0.468 and the P-value is 0.640 for CSR->CL. This suggests that there is no statistically significant link between CSR and CL.
- **CSR -> CT:** The T-statistic for CSR -> CT is 2.498, and the P-value is 0.013. This suggests that there is a statistically significant positive association between CSR and CT.
- **CT -> CL:** The T-statistic for CT -> CL is 2.804, and the P-value is 0.005. This indicates that CT and CL have a positive, statistically significant relationship.
- **SQ -> CL:** The T-statistic for SQ -> CL is 3.412, and the P-value is 0.001. This indicates that SQ and CL have a positive, strong statistically significant relationship.

- **SQ-> CT:** The T-statistic for SQ-> CT is 4.578, and the P-value is 0.000. This indicates that SQ and CT have a positive, strong statistically significant relationship.
- The Regression analysis's findings suggest that the following variables are positively associated with the dependent variable: BR->CL, BR -> CT, CS->CL, CSR -> CT, CT- > CL, SQ -> CL, and SQ-> CT.

### 5.10. Key Findings

The findings revealed that the independent variables, including brand reputation, CS, and SQ, in the banking sector, significantly affect CL. These results are consistent with earlier research, indicating the significance of these factors in building CL. Results from regression analyses consistently supported seven out of nine hypotheses. H4 and H5, specifically related to the effect of CSR on CL (H4) and the influence of CS on CT (H5), were rejected. The other seven hypotheses, including the positive influence of SQ, CS, brand reputation, and CSR on CT and CL, were supported. Robust analysis was conducted via Smart PLS 4, SPSS and Microsoft excel. The results from these three instruments are consistent and reliable. It gives generalize picture of the model that is good fit. These analyses conducted on these softwares also rejected two hypotheses H4 and H5. The values of R-square shows that independent variables are good predictor of dependent variable with strong effect and the findings are statistically significant at 5% significant level. Customer satisfaction shows higher p-value indicates that CS is good indicator of CL while corporate social responsibility has lowest or no impact on CL with lowest p-value. The IPMA matrix revealed critical areas where the importance and performance of factors such as SQ, CS, BR, CSR, and CT align or diverge, providing insights into areas for strategic improvement. The importance-performance matrix identifies specific areas for strategic focus, allowing banking institutions to prioritize efforts based on the perceived importance and actual performance of key factors. Correlation analyses and bootstrapping techniques further validated the relationships among variables, establishing the robustness of the findings.

The following are the study's main findings:

- CL and CT are positively impacted by brand reputation (BR).
- Customer satisfaction (CS) has a little or no effect on CT but a favorable and considerable impact on CL.
- CL is not significantly impacted by CSR, but CT is positively and significantly impacted by it.
- CT and CL are positively impacted by service quality (SQ).
- The association between CT and CL is positively correlated statistically.

## 6. Limitations and Recommendations

### 6.1. Limitations

- **Generalizability:** The findings of the study may be specific in terms of the banking sector in Lahore and might not be directly generalizable to other regions or industries.
- **Single Mediator:** The research concentrated on the mediating function of customer trust. Future research might consider exploring additional mediators, such as perceived value or perceived fairness, to have a better comprehension of the elements affecting loyalty.
- **Other Factors:** This study only focuses on the effect of CS, SQ, BR and CT on CL. The impact of other variables such as technological advancement, customer complaint handling, customer engagement, pricing etc. may be considered for future research.

### 6.2. Recommendations

Based on the key results and conclusions, the following suggestions are offered:

- Banks should focus on improving their brand reputation through effective marketing strategies and delivering high-quality services to customers.
- Increasing customer satisfaction ought to be banks' top focus, which can be achieved by providing personalized and efficient services.
- Continuous improvement in service standards, employee training, and technology integration can contribute to heightened CS and, consequently, loyalty.
- Considering that CSR has a negligibly little direct effect on customer loyalty, banks should critically evaluate their CSR-loyalty strategies.
- Future research should look at the impact of other factors, such as technological advancements and digital banking, on CL in the banking industry of Lahore.

### 6.3. Recommendations for Future Research

- Conduct similar studies in different geographical areas or industries to ascertain the broader applicability of the identified relationships.
- Enhance the sample size and diversify the demographic characteristics of participants to enhance the study's external validity.

By addressing these recommendations, future research endeavors can overcome the limitations identified in this study, contributing to a more comprehensive and widely applicable comprehension of customer loyalty dynamics in the banking sector and beyond.

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