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Factors Contributing to Customer Loyalty in Commercial Banking

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Abstract

Customer Loyalty has been realized as a significant aspect in the establishment and maintenance of competitive edge in services sectors. Firm's performance is positively affected with customer loyalty. Customer Loyalty not only increases the business value but they also allow it to uphold costs lower than those associated with attracting new customers. Now days, banking sectors are promoting Relational marketing which is beneficial for them to build long-term relationship with their customers. Empirical research of this paper examines the extent to which customer Satisfaction in accordance with Perceived Service quality and Trust, Switching Cost, Corporate Image, Customer Involvement Influence the Customer Loyalty in banking sector. For this analysis, Questionnaires were distributed among 150 people and data were collected from 148 questionnaires selected through non-probability sampling technique. Regression and Correlation techniques were used for the analysis of this study. Findings show that there is a direct positive and significant relationship between Customer Satisfaction together with Perceived Service Quality, Corporate Image, Customer involvement and Customer Loyalty. While, Switching Cost has a positive but insignificant relationship on Customer Loyalty.

Keywords: Customer Loyalty, Customer Satisfaction, Relational Marketing, Corporate Image, Customer Involvement, Banks

1. Introduction

In the service industry, Customer Loyalty is very important for the creation and maintenance of competitive advantages. Economic advantages are linked with retaining loyal customers rather than to recruiting new ones. The awareness of customer loyalty has increased the attention of industry researchers towards its studies (Ndubisi, 2007). Bowen and Shoemaker (1998) maintain that considerable increase in profitability is a result of small increase in loyal customers. Loyal customers can be more profitable if they stay with the firm for a longer period of time (Kim and Cha, 2002). Reichheld and Sasser (1990) stated that if firms reduce their 5% customer defections then their profits improved from 2% to 8%. Thus customer retention characterizes a strategy for achieving distinct and viable competitive advantage (Roberts et al, 2003). Financial institutions are creating competitive advantage by product differentiation from their competitors through service quality delivery in terms of on-time delivery, customization, accurate information facilities, trained workforces and early resolution against complaints. Therefore superior service quality has become most important strategy in retaining loyal customers.

There is a prime concern of customer loyalty in marketing planning for many reasons which can be technological development, market situation, customer awareness and global competition. In fact, many organizations prefer to build long term relationships with customers according to their concerns and preferences because long-term relationship is to provide quality products and services by charging fair prices. Retention of loyal customers is very significant thatis serving as a factor of increasing long-run success of corporations.They try to involve & satisfy their customers by creating loyalty to develop a long-run relationship among them (Akhter et al.; 2011).Beerlie et al. (2004) found that now a day’s mostly banks are delivering similar services that do not have any distinct feature to retain their loyal customers (Ghane et al., 2011). Thus,customer retention is a useful strategy g for competitive advantage adopting by most of the banking environment (Cohn et al., 2006). Awareness of the loyalty concept is very critical because it plays an important role in the growth of corporation.

Today banks are becoming customer oriented in accordance with relational marketing concept which is focusing on customer loyalty as its main goal. In this sense, Gilmore (1997) studies that consistency in customer-oriented behavior is essential for the improved implementation of quality in services marketing. If purpose of bank is to build customer loyalty through delivering customer satisfaction, they need to ensure that on all points of contact they are meeting satisfaction whether they are personnel or remote in nature. Customers may complain to the banks when mistakes occur that gives them opportunity to resolve the problem early and increase the customer satisfaction. Poor service delivery is a threat for the long-term survival of the firm (Michel and Meuter, 2008; Seawrightet al., 2008; Thwaites and Williams, 2006; Magnini and Ford, 2004). When firms fail in service recovery management it could be harmful in a long-term success. Effective complaint handling has a great impact on customer retention which creates positive word of mouth (WOM), and improves bottom-line performance in the firm (Morrisson and Huppertz, 2010).

The relationship between the firm and customer is improved by effective complain handling (Singh and Sirdeshmukh, 2000; Sirdeshmukhet al., 2002; Morgan and Hunt, 1994; Weunet al., 2004; Pina e Cunha et al., 2009).This can be lead to the customer satisfaction, trust and commitment to the firm, customer perception about service quality and firm is enhanced by the effective service recovery. It creates positive word of mouth (WOM) build strong customer relationship which leads to customer satisfaction and customer loyalty. Relationship marketing is supported by the practitioners (e.g. Michel et al., 2009).(Day, 2000; Gilbert and Choi, 2003; Hennig-Thurauet al., 2002) in bank marketing which acts as factor of gaining customer loyalty. The realization builds a long-term relationship with customers that tend to reduction of cost and defects and increase profits (Harrison, 2003a).

Gerpot *et al.* believed that long-term customer relationship with service provider are of greater importance for the success of a company in competitive market. Businesses flourish from loyal customers due to their frequent purchases, through positive word of mouth, paying premium prices, and providing new recommendations over time. According to Serkan and Gorhan, Antecedents of customer loyalty i.e. corporate image, trust, customer satisfaction & perceived service quality has significant effect on it. Relational benefits strongly enhance the valuation process, in which parties exchange something valuable to influence loyalty. To examine the more close relationships of customer's loyalty with its antecedents, we decide to analyze the influence of different variables e.g., Corporate image, Trust, customer's involvement, Perceived Service Quality and switching cost on Customer satisfaction and Customer's loyalty.

(Fornell, 1992) defined Customer satisfaction as an overall attitude based on after purchase experiences of customers. Laurent and Kapferer (1985) have defined involvement as unobservable state of motivation, or interest which is induced by a specific stimuli and have characteristics to influences decision making, searching and information processing. Thomas (2009: 346) further defined trust as expected positive outcomes that can be received from the expected action of another party. Only customers can define the quality of services and it happens when services provided by org satisfies the customer's need (Metters et al., 2003). According to (Dick and Basu, 1994; Lai et al., 2011) cost of changing services in terms of time, monetary value and psychological factor is called switching Cost. Nguyen and Leblanc (1998; 2001) claimed that corporate image is related to the behavioral and psychological characteristics of the organization, such as its name, building, infrastructure, products/services variety, and to the impact of quality communicated by personals communicated with the clients of the firm.

2. Literature Review

CUSTOMER LOYALTY

IN the servicing and manufacturing industries the mounting importance of relational marketing in current years has been accompanied by a collection of works on customer loyalty .Several authors put stress that there is constructively positive relationship between customer loyalty and business performance (Reichheld and Sasser, 1990; Reichheld, 1993; Sheth and Parvatiyar, 1995). The advantage of loyal customers that they give to their specific brand is not only that they increase the worth of business but they also play crucial role in maintaining the costs lower than those linked with attracting new customers (Barroso Castro and Martı n Armario, 1999). Generally loyalty has been and continuous to be defined as repeat purchasing frequency or comparative volume of source brand purchasing. But as many definitions in literature face problems they record what consumer actually does and none taps in to the emotional or psychological meaning of loyalty (Oliver, 1999).

According to Jacoby and Kyner (1973),brand loyalty is the prejudiced behavioral response as it is expressed over time on the part of individual family or organization. It is very necessary to differentiate between uniqueness and loyalty and a function of psychological process by which using the specific criteria assess the various alternatives. Similarly, (Oliver (1999, p. 35) defines loyalty as:

. . . Despite of marketing efforts and situational influences who have the potential to cause Switching Behavior, an intensely held promise to re-buy a preferred product continuously in future to cause repetitive same brand purchasing.

Jacoby and Chestnut (1978) analyzed that the idea of consistent purchasing as an indicator of loyalty could be invalid because of happenstance buying or the preference of customer for their convenience. Analysis showed, variation in purchasing could hide the loyalty of customer if he was multi-brand loyal. So it is concluded that the simply repetitive purchasing is not the base brick of customer loyalty. Customer loyalty is a variable of having two dimensions, one is related to the behavior and other related to the attitude (Day, 1969; Jacoby and Kyner, 1973; Berne´, 1997). According to Jacoby and Chestnut (1978), Solomon (1992) and Dick and Basu (1994), the two components of variable ‘’Customer loyalty’’ enables us to differentiate between 2 types of customer loyalty concepts.

1) First concept of loyalty is based on Inertia, A brand is bought out of habit only for the reason that it takes less effort but if there is an appropriate reason to switch to another brand then the customer will not hesitate at all.

2) True Brand loyalty, which truly reflects a positive attitude and a strong commitment toward the specific brand and it also reveals the conscious decision to continue purchasing the same brand.

The first concept of loyalty based on inertia that means the customer is buying the same brand only to save his or her worthy time and it also prevent him or her from the trouble to search for another brand. A customer who is trying to change the buying pattern based on inertia will definitely do it easily as if there is some appropriate reason then there will be less switching resistance (Solomon, 1992). According to Traylor, 1981, comparatively uninvolved consumers are more likely to be brand switchers and less likely to be brand loyal. If there is brand loyalty then 3 decision making phases must point to a focal brand preference (Oliver, 1999).

1. Firstly the rates associated with particular brand must be preferable to competitive offers.

2. The information must be in co-ordination with an affective preference for the brand.

3. The consumers must have higher affinity for the brand

True loyalty is created when customer becomes an advocate for the organization, the organization which creates benefits for customer and as a consequence of this they will actively accelerate their buying from organization (Anderson and Jacobson, 2000)

CUSTOMER SATISFACTION

In back ground of customer loyalty the most frequently explored factors are

1. Customer satisfaction

2. Service quality

According to (Rust and Oliver, 1994), the services literature is stuffed with examples which reveal a positive relationship between satisfaction and loyalty related outcomes.

Satisfaction is the factor via which customer measures how much his needs, desires have been met or exceeded like customer loyalty it is a behavior and customers openly exhibit their views. According to certain studies ‘’Customer satisfaction ‘is not a strong criterion for customer loyalty. (Oliver, 1999) considers customer satisfaction as the fulfillment of their needs, wishes. However recent studies re-conceptualize that switching to other brand is not related to any single dissatisfying event and in the same way customer loyalty is not the consequence of single satisfying purchasing .and only loyal customers give profit to brand(Reichheld and Sasser, 1990).

(Bowen and chen2001)studied that satisfaction of customer should be at top extreme to ensure loyalty. For recommending others and repurchasing from the same plat form customer satisfaction is the requirement for maintaining favorable attitude. So it is concluded that satisfaction promote loyalty and in the same way give long term profit to firm .

H1: The greater the customer satisfaction, the greater the customer loyalty.

SWITCHING COST

It is a factor that is the consequence of multiple factor due to which customer go for the other brand. Those factors are of technical, financial psychological in nature (Selnes, 1993). According to Alet i Vilagine´s (1994) The Switching Cost can be broken down as

- Customer’s personal cost, referring to efforts that a customer can face in terms of time to assess the other brand ,those economic advantages that the brand offer and to the risks which can occur by wrong choice.
- Cost associated with the product, It includes cost of redesigning and investment

According to these a customer remain loyal if he or she has the danger alarm in his or her mind related to the expenses involved in switching and obviously there will be decline in attraction towards the brand (Wernerfelt, 1991; Selnes, 1993; Klemperer, 1995; Ruyter et al., 1996; Anto´n Martı´n et al.),but due to his dissatisfaction customer does not recommend to others. The effect of switching varies with the type of industry,category of product, characteristic if customer (Fornell, 1992).

Sheth and Parvatiyar (1995) found some exit barriers that inhibit exit. Wernerfelt (1991), Selnes (1993) and Klemperer (1995), studied that a competitor will find troublesome to grabs a loyal customer of rival brand when his loyalty is based on satisfaction as compared to then when his loyalty is based on "Switching Cost". Beside these lines (Fornell, 1992) establishes two disadvantages:

1. The greater difficulty of capturing new customers when they are aware to the existence of switching cost

2. External factors that can eliminate Switching Barriers

H2: The greater the perceived switching cost, the greater the customer loyalty.

CORPORATE IMAGE

Associated to the physical and behavioral characteristics of a firm, corporate image portrays the general perception of people about a particular firm (Nguyen, N. and LeBlanc, G. 2001).). The consumers of products of a firm use a variety of information during an interconnection process and as a result form their concrete opinion about the firm. It has been found that a fine corporate image gives rise to customer loyalty and aids in maintaining that relationship with the consumers (Andreassen, T. W. and Linstead, B. (1998). This then persuades the customers to buy the products repeatedly (Dick, A. S. and Basu, K. (1994).

The crucial factors for setting up and then upholding the loyal relationship with customers are corporate image and reputation(Raj, 1985). It is corporate image that relates directly to the probability of preserving/retaining customers for the firm (Ball et al. 2006; Nguyen & Leblanc, 2001). The assessment of services provided to the customers is the leading criterion that determines the corporate image thus adding value to the products and being readily available in the minds of people for impression formation. This concept has been put forward in the attribution theory (Fazio, 1989).

During the year 1995, Berman & Evans found that when the different untested sources of information e.g. commercials, word-of-mouth impact and the prophecies are turned into practical experiences such that they fulfill the wants and needs of customers then they generate an optimistically positive impact giving rise to satisfaction. This satisfactory impression then creates an emotional and functional blend of feelings called the corporate image; according to Mitchell (2001), corporate image is a positive influencer for corporate profits as there is a quite clear and explicit rapport between corporate image and performance of the corporation.

The sum total of the people's cognitions i.e. ideas, beliefs, and notions about an organization resulting from the value being delivered through the organization's products & services is called corporate image. So, it has been put forward that corporate image is the readily available impression of the organization (Tang Weiwei, 2007). When a person interacts with the customers of an organization then the factors like business name, its structural design in terms of construction, the market mix of the organization, convention, philosophy, and quality of organizational impression being conveyed do contribute to it.

Having two main elements i.e. emotional and functional, corporate image is said to be the practical experience of a customer about a particular product or service with the passage of time. the emotional element is not visible to the eye and are quite qualitative in nature so are the mental aspects composed of feelings and perceptions of people about the firm while the functional element is the one that is associated to the quantifiable and visible features (Tang Weiwei, 2007). The individual customer experiences about the organizational offerings and their functional features forming the corporate image give rise to such feelings on part of the consumers. Thus a combined process of comparing and contrasting information about different organizations by people results into the creation of corporate image

H3: The greater the corporate image, the greater the customer loyalty.

CUSTOMER INVOLVEMENT

Used as a tool to know about consumer perceptions about different products or brands, involvement is termed as a motivational state of mind (Guthrie & Kim, 2009). The main theme behind the different definitions given by various researchers remains the same about involvement i.e. the level of importance given to a product or brand by a customer during a purchase process (Park & Young, 1983). A higher level of satisfaction is the result of motivation produced by higher involvement on part of the consumers (Park & Young, 1983). Consumers with high involvement are motivated to experience higher satisfaction (McColl-Kennedy and Fetter. 2001; Oliver and Bearden, 1983: Richins and Bloch, 1991). It is believed that such consumers experience a better degree of satisfaction by making a right buying decision because they have top level knowledge regarding a particular product (Oliver and Bearden, 1983; Shaffer and Sherrell, 1997).

It is predominantly important to have an understanding of the thought processes operating behind a consumer's feelings of involvement. With the passage of time and availability of new information, consumers make comparisons on the basis of existing knowledge and new information. This leads them to develop modified perceptions. This is a sort of personal investment in terms of time and energy and it is thought to be in vein if a consumer has bad experiences with the product. The negative perception gives rise to more dissatisfaction as compared to those who are not involved into the firm. So, in case of satisfaction with the process of buying experience no negative effects of involvement are seen (Srivastava and Kamdar, 2009; Brockner, Tyler and Cooper-Schneider, 1992).

H4: The greater the customer's involvement, the greater the customer loyalty.

PERCEIVED SERVICE QUALITY

The evaluation that a consumer makes about the quality of a service as whole is termed as service quality. When consumers compare the delivered service value with that of their hoped service value, the resulted information tells about service quality (Rust and Oliver, 1994). The appraisal of the service performance metrics (Cronin and Taylor, 1992) or the unconfirmed outlook about the delivery of a service generates this evaluation (Parasuraman et al., 1988). There is a controversy in these two approaches i.e. is service quality the result of only customers' thought processes of is it the difference calculated between the perceived and delivered service features. The perceived service appraisal relies solely on consumers' expectations of the service delivery according to the disconfirmation approach (Zeithaml 2000).

It is argued for satisfying service delivery it is necessary that expected services delivery either matches or exceeds the perceived service delivery. The SERVQUAL model supports five quality dimensions for services: reliability, responsiveness, tangibility, assurance and empathy to measure service quality. This model was developed by Parasuraman et al. (1988) keeping in view the disconfirmation approach. A positive contribution of these dimensions of the SURQUAL model, in the service quality measurement particularly in the industries like banking and telecommunication, has been identified by various studies (Caruana, 2002). On contrary to that, a few researchers center their support to the view that this disconfirmation approach of making expectations and then comparing them with perceptions is false rather it is sufficient to rely on the performance-based metrics of service quality i.e. only perceptions (Boston and Drew, 1991; Brady et al., 2002).

The disconfirmation approach is about finding out the factors on which service delivery depends while the performance based approach identifies the loop holes in the delivery of services. This is how these two views are discriminated (Parasuraman et al., 1994; Zeithaml et al., 1996). Now we can see that the above mentioned studies support that the service quality can give a boost up to the customer's intentions for advocating a services firm and recommending it to others by conveying positive word of mouth and readiness to pay high, purchase repeatedly, and avoid switching even if better options are available. Hence, there is a positive relationship between customer satisfaction from the services delivered and customer loyalty. It is such that customer switching is increased due to poor services delivery (Zeithaml et al., 1996; Bloomer, J., Ruyter, K. and Wetzels, M.1998; and Jones, M. A., Beatty, S. E and Mothersbaugh, D. V, 2004). According to Fornell C (1992), perceived service quality is the outcome of positive and negative behavioral intentions. Services improved in terms of quality add to the profitability.

H5: The greater the perceived service quality, the greater the customer satisfaction.

TRUST

According to a former analyst of the U.S. state department, Francis Fukuyama, when the inhabitants of a particular community sharing the same norms, hope from the other members to behave regularly, honestly and in a cooperative manner then there exists what we call trust. In case of business relationships, we may say it as the belief of one party that the other party who is going to be trusted will act dependably, ethically, and in a socially acceptable way for fulfilling the business obligations (D. Gefen, E. Karahanna, and D. W. Straub, 2003). In a market transaction, the strength of the buyer seller relationship is enhanced with trust while generating a high level of expectations on buyer's side (J. M. Hawes, E. M. Kenneth, and J. E. Swan, 1989). Trust on a certain brand influences the customer to do repeat purchases and be up hold with that brand (Lau, G. and Lee, S., 1999). It is trust that gives rise to satisfaction (Palvia, 2009).

During trade interactions, to reap the complete fruits of these interactions and have a look into the nature of such interpersonal relationships, it is important to understand the concept of **Trust** (S. Ba and P. A. Pavlou, 2003, P. M. Doney and P. Cannon, 1997).Trust has gained the attention of marketers especially as they believe it boosts up customer loyalty (Reast, 2005). Customer responses like repeat purchases and high level of customer satisfaction are also a result of trust (Ballester and Aleman, 2001). To develop brand trust is quite a complicated process. A trusted brand delivers whatever it promises in terms of value. This gives rise to brand trust and its reliability Brand trust development is a long term process, a trustworthy brand cares the customer expectations, fulfill promises and value its customers that eventually leads to brand trust and reliability (Ballester and Aleman, 2005). Trusted organizations get more loyal customers (Garbarino& Johnson, 1999). This study has been carried out to determine the relationship between trusts, customer satisfaction, and the customer loyalty.

H6: The greater the Trust, the greater the customer satisfaction.

H7: The greater the Trust, the greater the customer loyalty.

Research Model

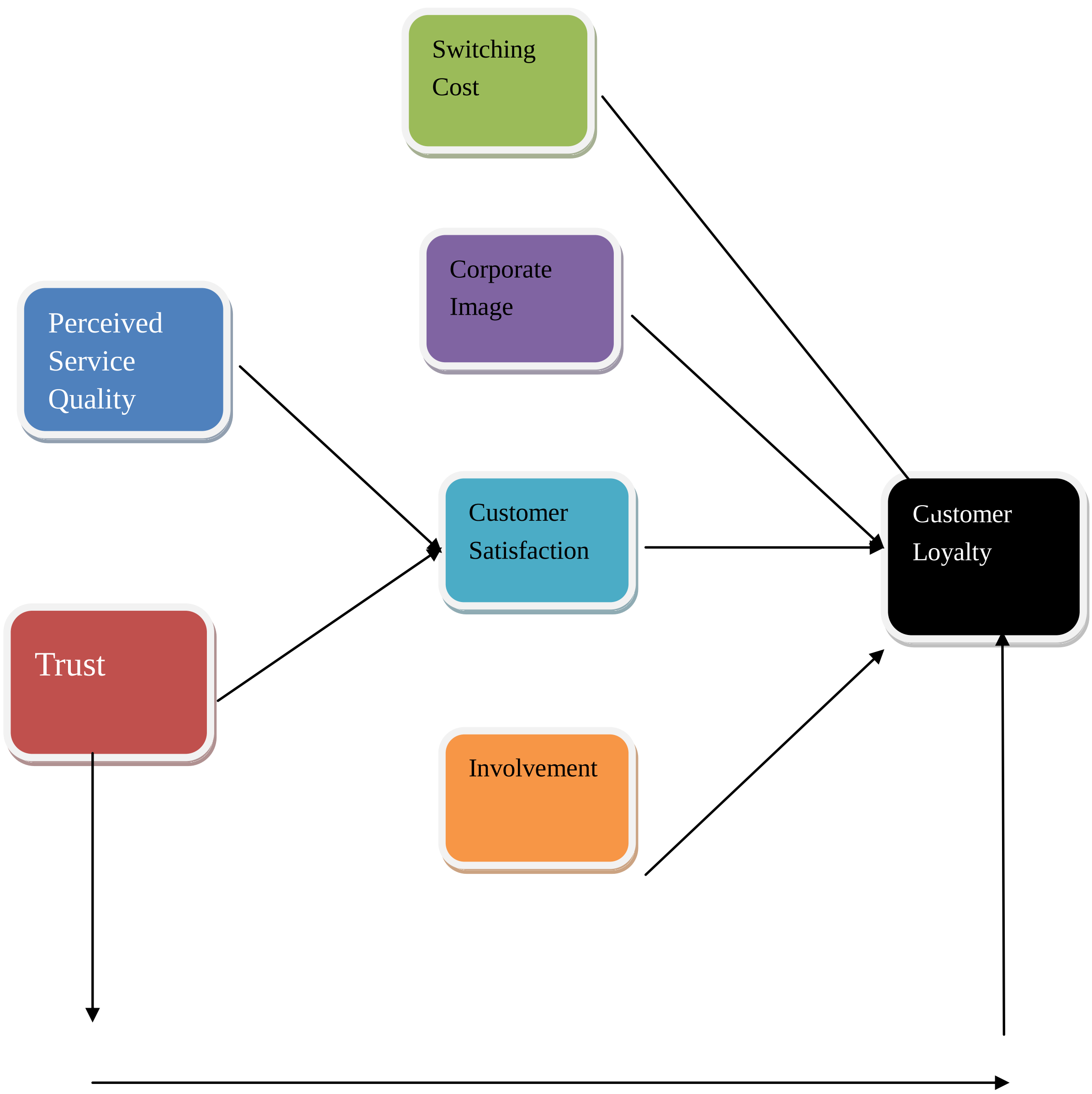


Figure1: Research Model

3. Research Methodology

The current research is descriptive in its nature. Descriptive research can be explained as describing something, some phenomenon or any particular situation. Descriptive researches are those researches that describe the existing situation instead of interpreting and marketing judgment (Creswell, 1994). The main objective of the descriptive research is verification of the developed hypothesis that reflects the current situation. This type of research provides information about the current scenario and focus on past and present for example quality of life in a community or customer attitudes towards any marketing activity (Kumar, 2005).

Data

The population for this study comprised bank users in Pakistan. Total sample size was 150 and responses were received from 148 respondents. They will ask to participate in a self-administered questionnaire. Through a non-probability sampling procedure data was collected from all the professionals and University students using Bank services from different metropolitan cities in Pakistan. Non-probability sampling technique is convenience sampling. Convenience sampling is a sampling technique that obtains and collects the relevant information from the sample or the unit of the study that are conveniently available (Zikmund, 1997). Convenience sampling is normally used for collecting a large no of completed surveys speedily and with economy (Lym et al, 2010).

Instrument

The survey instrument of this study addresses two major purposes: First is to analyze the relationship of different variables with customer loyalty in banking sector. Second, to collect information about the different characteristic of the respondents that can be used to understand the variations in different categories.

The survey instrument contains two sections. Section 1, was used to collect data on demographic variables such as age, gender, income, and the name of bank which customers are using. Section 2, includes the latent variables.The total number of items that measured the criterion (dependent) variable were 41 and were operationalized using a five–point LIKERT scale , ranging from (1= strongly agree) to (5 = strongly disagree). The scale was useful in measuring the strength of the respondents' responses on these items. The variables include Perceived service quality, Trust, Customer satisfaction, Corporate image, Switching cost and Customer Involvement towards Customer loyalty. The section of this study is developed based on the past literature and already used questionnaire. The selection of the items of these scales ensured completeness in covering all the key aspects of loyalty outcome behaviors.

The scales of the study were adopted from the previous literature and published studies. The first variable of study was Customer Loyalty which has seven items and this scale was taken from (Chaudhuri and Holbrook, 2001). The next variable is Customer Satisfaction having two items and was taken from (Ragunathan and Irwin, 2001). Remaining variableswere Corporate Image having eight items taken from Bayol et al. (2000); Trust has five items taken from Matzler et al, (2008), Chanduhuri and Holbrook, (2001), Switching cost having five items, Perceived Service Quality having ten item taken from Fornell (1996), and Customer Involvement having four items.

TABLE 1: Scales of the Study

NO.	VARIABLES	ITEMS	REFRENCES
1	**Customer Loyalty**	1. This bank would be my first choice. 2. I consider myself to be loyal to this bank. 3. I will not use other bank's services if the same service is available at this bank. 4. I recommend this bank to someone who seeks my advice. 5. I get good value for my money. 6. I say positive things about this bank to other people. 7. I consider this bank my first choice in the next few years.	(Chaudhuri and Holbrook, 2001)
2	**Customersatisfaction**	1. Overall I am satisfied with specific experience with the bank. 2. I am satisfied with my decision to use services from this bank	(Ragunathan and Irwin, 2001)
3	**Trust**	1. I trust on this bank. 2. I rely on this bank. 3. This is an honest bank. 4. This bank meets my expectations. 5. This bank is safe.	Matzler et al, (2008)
4	**Corporate Image**	1. It is a reliable bank. 2. It provides an excellent service to customers. 3. It is a successful bank. 4. It makes a lot of contribution to the society. 5. It is sincere to the customers. 6. It has a good reputation.	Bayol et al. (2000)

		7. It is familiar to the customers. 8. It is honest.	
5	**Customer Involvement**	1. Doing business with this bank is very important for you. 2. Business with this bank would not become a mistake for you. 3. I personally like to do business with this bank. 4. It is enjoyable to do business with this bank.	
6	**Perceived Service Quality**	1. Materials related with service (Pamphlets, statements) are visually appealing. 2. The behavior of the employee in the bank gives confidence in you. 3. If staff of the bank makes an error, it Apologize for it. 4. You feel safe in your transaction with your bank. 5. Employees of your bank are consistently courteous with you. 6. Employees in banks have the knowledge to answer your question. 7. Employees of bank keep customers informed About when service will be performed. 8. You are satisfied with the bank's response to your complaint. 9. Employees of bank clearly understand the needs of customers. 10. The bank provides service at the time it Promises to do so.	Fornell (1996)

7	**Switching Cost**	1. Switching to a new bank causes monetary cost. 2. Overall, it would cost me a lot of time and energy to find an alternative bank. 3. I cannot be sure that the new bank can provide better service than the old one. 4. I would lose a lot of information about my transaction history if I change. 5. If I switched to a new bank, the service offered by the new bank might not work as well as expected.	

Procedure

Total 150 questionnaires were distributed to collect data from customers of banks with an aim to collect usable questionnaires from each category of banks. Non-probability sampling was used and respondents belonged to Bahawalpur. 148 questionnaires were received back and rest of the questionnaires was not included in the further analysis due to incomplete responses. The software SPSS 16 has been used to analyze the data collected for further analysis.

Reliability Analysis

The measurement of this study is adopted from previous studies which have been found to be reliable. Reliability refers to the consistence of a score from one occasion to the next. Cronbach’s coefficient alpha was used to test reliability or to assess the quality of the measurement (Churchill, 1979). Cronbach's alpha is a measure of the inter correlation of items. If alpha is greater than or equal to 0.6, then the items are considered one-dimensional and may be combined with an index or scale. Most of researchers use the more stringent cutoff criterion of 0.50 as suggested by (Kaiser, H. F. and J. Rice, 1974).

Cronbach's alpha is the most common form of the internal consistency reliability coefficients. The table below shows the reliability of the items in this study. According to (Babbie, E, 1998), reliability is a matter of whether a particular technique, applied repeatedly to the same object, would yield the same result each time. The reliability of a measure is established by testing for both consistency and stability (Cavana, R., B. Delahaye, et al. (2001); Table 2 indicates that all measurements exhibited high reliabilities with coefficient alphas ranging from, exceeding or approaching the acceptable level of 0.50 (Kaiser, H. F. and J. Rice, 1974); in all cases. Therefore, all measurements for 41items were reliable.

Scales	Items	Cronbach's Alpha
Customer Loyalty	7	0.911
Customer Satisfaction	2	0.783
Trust	5	0.857
Corporate Image	8	0.870
Customer Involvement	4	0.801
Perceived Service Quality	10	0.885
Switching Cost	5	0.780

4. Hypothesis Testing

Profile of the Respondents

Personal and demographic information such as gender, age, income and name of bank which customers are using currently are presented in the following table (TABLE 3).

TABLE 3: Profile of the Respondents

Variable	Category	Frequency	Percentage
Gender	Male	89	60.1
	Female	59	39.9
Age	Below 20 years	72	48.6
	20-30 years	73	49.3
	30-40 years	02	1.4
	Above 40 years	01	0.7
Income	Below 10,000	93	62.8

	10,000-20,000	19	12.8
	20,000-30,000	11	7.4
	30,000-40,000	09	6.1
	Above 40,000	16	10.8
Name of Bank	Habib Bank	96	64.9
	Meezan Bank	06	4.1
	National Bank	09	6.1
	Al-Falah Bank	10	6.8
	Allied Bank Ltd	13	8.8
	United Bank ltd	03	2.0
	MCB	11	7.4

Hypothesis Testing

Customer Satisfaction and Customer Loyalty

First, and with respect to loyalty antecedents, the relationships between satisfaction and loyalty display positive and statistically significant regression coefficients. Satisfaction has a greater weight on loyalty ($\beta = 0.938$) and ($p < 0.05$). That means customer satisfaction contributes more than 93% to customer loyalty in banking sector. This leads us to accept H1.

Switching Cost and Customer Loyalty

According to the result there is no significant relationship between switching cost and customer loyalty with ($\beta = 0.014$) and ($p > 0.05$). Based on result, we reject H2 and conclude that the study did not find direct relationship of switching cost on customer loyalty.

Corporate Image and Customer Loyalty

Regression analysis of customer loyalty model shows that there is a significant and positive relationship of corporate image on customer loyalty towards bank with($\beta=0.412$) and ($p < 0.05$). This means corporate image contributes 41% to customer loyalty in banking sector so H3 accepted.

Customer Involvement and Customer Loyalty

Regression estimates results show that customer involvement found significantly related with customer loyalty in banking sector. This is a significant positive relationship between customer involvement and customer loyalty with ($\beta=0.293$) and ($p<0.05$) so H4 is accepted. Customer involvement contributes 29% to customer loyalty in banking sector.

Perceived Service Quality and Customer Satisfaction

The result of the current study shows that there is a positive and significant relationship between perceived service quality and customer satisfaction with (β=0.048) and ($p<0.05$). As perceived service quality has a direct link with customer satisfaction so H5 is accepted.

Trust, Customer Satisfaction and Customer Loyalty

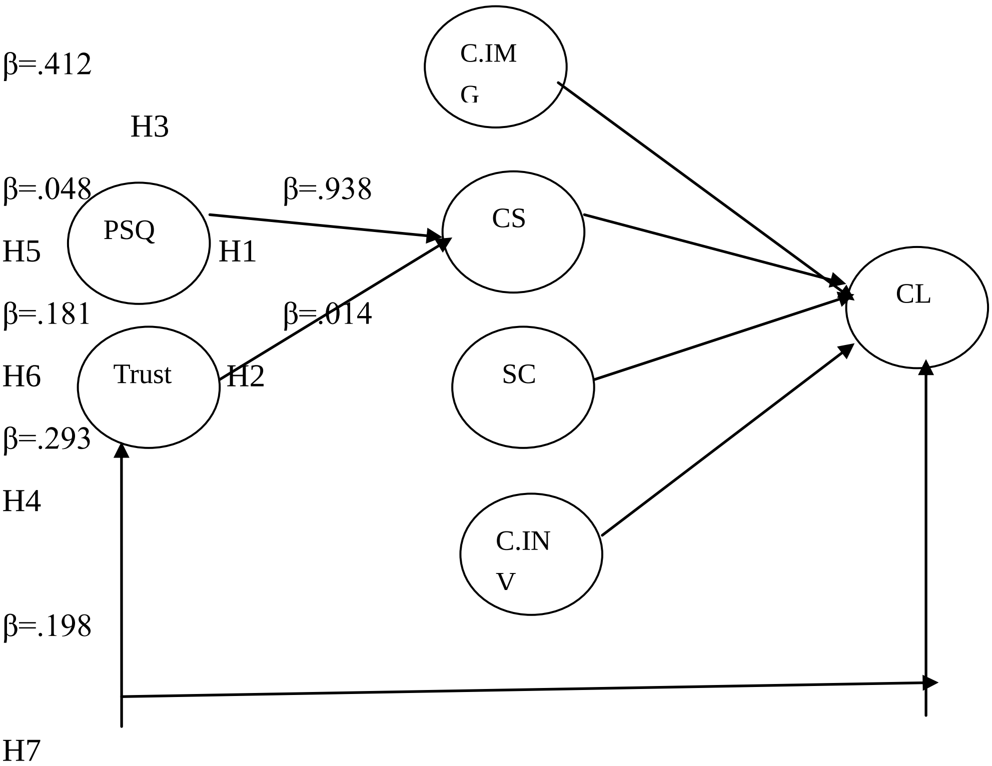
Regression analysis shows the positive and significant relationship between Trust and Customer Satisfaction with (β= 0.181) and ($p<0.05$). This means the Trust contributes 18% to customer satisfaction But there is insignificant relationship between Trust and Customer Loyalty with (β=0.198) and ($p>0.05$). These analyses accept H6 and H7is rejected.

Table 4 summarizes the regression results of the study

Hypothesis	Model Variables	Estimates	S.E.	C.R.	P	Results
H1	Customer ← Customer Satisfaction Loyalty	.938	.284	3.305	.001	Supported
H2	Customer Switching Cost ← Loyalty	.014	.113	.125	.900	Not Supported
H3	← Customer Corporate Image Loyalty	.412	.098	4.192	.000	Supported
H4	Customer Customer ← Loyalty Involvement	.293	.147	1.994	.048	Supported
H5	Customer Perceived service ← Satisfaction Quality	.048	.017	2.894	.004	Supported
H6	Customer Trust	.181	.033	5.553	.000	Supported

	Satisfaction					
H7	Customer Trust Loyalty	.198	.140	1.420	.158	Not Supported

Figure 2: Structured Model Result



5. Discussion

In today's banking competitive environment customer loyalty is an effective tool for them. It's more beneficial to retain old customers rather than to attract new ones. This research is based on banking sectors and empirical study was carried out to check the influence of different variables on Customer Loyalty. We have tried to define the customer loyalty not as repetitive purchase but also through the psychological meaning of loyalty. From that we distinguished two types of Loyalty, one is based on Inertia and second is based on True customer loyalty. Moreover, we analyzed the influence of customer satisfaction along with Perceived Service Quality and Trust, Corporate Image, customer Involvement on Customer Loyalty. Study revealed that there is a direct and significant relationship of customer Satisfaction together with Perceived Service Quality and Trust, Corporate Image and

Customer Involvement on Customer Loyalty, but Trust and Switching Cost are not directly related to Customer Satisfaction due to their insignificance. The reason for the insignificance of switching cost is the personal contacts with the employees of banks. This doesn't affect customer loyalty and switching cost in Bahawalpur region. It is almost same in all banks so it rarely affects customer loyalty here.

The findings show that there is a strong connection between customer involvement and customer loyalty. Customer's involvement is seen to influence Customer loyalty almost 29% and explain a significant proportion of consumer purchase decisions. It was established that customers who are more involved with a particular bank are also more committed and hence more loyal to that bank because they give their time and intention towards banking services to become satisfied. The key factors affecting customers' involvement in staying with a bank include the range of services, rates, fees and prices charged.

Our research shows that greater the customer trust is followed with greater usage of banking services .Trust build by the employees of the banks create positive word of mouth. Customers are satisfied with the services and recommend others to use this bank for their transactions. When customers are satisfied from the service providing bank then their trust can restrain them from changing to another service provider bank. To attract more customers, employees of banks have to build good relationships with customers, care about their need and meet their expectations.

Customer's repetitive patronage is influenced by corporate image. Image of corporation attracts more customers and acts as a driving force to gain customer loyalty. Consumer's experiences and perceptions about the bank may be formed from other sources of information such as advertising or word-of-mouth. The emotional element of corporate image may also show a close relationship because of the mental attachment. Beliefs of customers are manifested by previous experiences with the firm.

6. Limitations

Customers favored the drive towards ease of banking and banks have to find and designed strategic tools to improve the service delivery process. Our research results can be more reliable by increasing our sample size. Because our sample population was the University students and citizens of Bahawalpur and the sample size which we take was too small. Our research is longitudinal and it can be cross-sectional. Variable of switching cost showed the positive and significant relationship with customer loyalty in the previous researches. But this research does not show the direct impact of switching cost on customer loyalty due to restricted population area. So we suggest to increasing the sample size by distributing Questionnaires in more cities to check the influence of switching cost on Customer loyalty.

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