

Factors Influencing Customer Loyalty of Banking Industry: Empirical Evidence from Pakistan

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Abstract

This research attempts to examine that how service quality, trust and reputation effects customer loyalty in Pakistan Banking Industry. Despite the fact that world was facing a global financial crisis especially due to failure of the biggest banking channels of the world at that time. This high growth in banking sector of Pakistan can't be achieved without the customer's loyalty existing banking structure. Anchored in the theoretical model, a comprehensive set of hypotheses were devised and methodology for testing them was outlined. A total of 645 bank customers' responses were collected an empirical research. The finding of this paper indicate that service quality, trust and reputation are positively influences customer's loyalty. Also there is strong, positive and significant correlation among all three factors of customer's loyalty. There are mixed trend observed as far as bank type is concerned, greater part of the respondents showed their trust toward private banks, also they believed among all three types of banks, private banks have good reputation in Pakistan existing banking sector. On the other hand, a high percentage of respondents believed that service quality of foreign bank is much better than public and private banks. All the results of this research are in line with our expectations and accepted hypotheses.

KEY WORDS: Pakistani Banks: Customer's Loyalty; Service Quality; Trust; Reputation

Introduction

Banks are indispensable for each country's economy, in view of the fact that no growth can be accomplished unless savings are efficiently channeled into investment. In fact human realized the need of bank when it begins to realize the role of money as a standard of exchange. Credibly it where the Babylonian who developed banking system as early as 2000 BC. During that period temples were used as banks because of their rife respect. Throughout the rule of king Hamurabi (1788 – 1686 BC) the founder of Babylonians Empire, loans were

begined being granted for interest. A bank can be defined as a financial institution and a financial intermediary that accepts deposits and channels those deposits into lending activities, those can be directly by loaning or indirectly through capital markets.

In this way banks supply blood to the economy by providing loans. Banks are the plate form where customers have deficit can connect with the customers having surplus fund. Due to their great influence within the financial institutions and economy, the working of the banks becomes more crucial and more regulated. Banks not only provides loans to businesses but to governments as well. Thus, competent banking can go faster the economic growth of any country. Because of the vital importance of the banking Sector, many researchers and fractioned devote lot of time to prove the importance and developed considerable amount of literature. Undoubtedly, the importance of banking insdutry in Pakistan can't be ignored. The recent financial crunch felt throughout the world has had an impact on the investors as well as businesses. So to survive in the more complex and competitive world for long run, banks need to work out and come up with new competitive strategies. By doing this study we investigate and contribute in the existing literature, what are the factors of customer's loyalty in banking sector specifically in Pakistani perspective? Banking has traditionally operated in a fairly stable environment for decades. However, now days the banking industry is facing a radically aggressive competition in a new deregulated environment. At the same time Government of Pakistan has taken several steps and reforms for its banking industry such as privatized number of banks which further increases the competition and involvedness among the banks. The net result of the recent competition and legislation is that traditional banks have lost a considerable proportion of their domestic business to essentially nonbank competition. No doubt competition will continue to be a more significant factor. With the curious increase in the country's population and the increased demand for banking services and reputation, customer's loyalty are going to be key differentiators for each bank's future success.

The idea of customer's loyalty has been rooted around many years. It has become more important undergoing brisk change in banking sector. Customer loyalty is an important area to research in services study (Gremler 1995). The vital issue for the continued success of an organization is its potential to retain its current cutomers and make them loyal to its brands (Dekimpe, Steenkamp et al. 1997). A number of scholars in the field of customer loyalty have attempted to classify factors that may influence it. (Kracklauer, Mills et al. 2004) were convinced that customer loyalty should be viewed as a combination of customer satisfaction and customer trust. (Stone, Woodcock et al. 2000) agreed that commitment and customer satisfaction prove to be important determinants of customer loyalty. (Duffy 2003) said that customer loyalty yields significant benefits when its pursuit is part of an overall business strategy. Numerous studies have been carried out with observes to customer loyalty in the several serives sectors. In Malaysian banking sector the (Ndubisi 2007) assessed the relationship of four constructs (commitment, trust, conflict handling and communication) on customer loyalty. The result of Ndubisi study shows that the four variables have significant impact on customer loyalty in banking sector of Malaysia.

In a environment which becomes increasingly gloably competitive, service quality as a importanat measure of customer satisfaction and customer's satisfaction leads to customer's loyalty. It is also measure for organizational performance continues to force the attention of banking institutions and remains at the front position of services marketing literature and practice by (Lassar, Manolis et al. 2000) and (Yavas and Yasin 2001). The importance of service quality attached with customer satisfaction and their behavioral intention is highlighted by (Glaveli, Petridou et al. 2006). The impact of some personal level traits related to the provision of banking services to customers such as empathy, similarity, kindness and others related to the actual provision of bank services such as competition, customization and

management argued by (Gill 2012).

Trust and loyalty have a positive relationship when the trust of customers on a particular organization increases, it will be reflected in soaring loyalty stated by (Luarn and Lin 2003). (Andreassen 1994) argued that corporate image or reputation is an antecedent to customer loyalty, he also suggests that there is a link between corporate reputation and financial performance and give confidence others to examine the role that image plays, but little research has been undertaken since. There is a positive effect of company reputation on loyalty is examined by (Loureiro and Kastenholtz 2011). In this context, the main objective of this study is to examine the three factors (service quality, trust and reputation) impact on customer's loyalty for banking sector of Pakistan. For this purpose, there are three specific objectives of this research:

- To examine the service quality has impact on customer loyalty
- To inspect the trust impact on customer loyalty, and
- To observe the reputation impact on customer loyalty. This research endeavor to answer the following questions:
 - Does service quality influence the loyalty of the customer in the banking industry of Pakistan?
 - Does trust influence the loyalty of the customer in the banking industry of Pakistan?
 - Does reputation influence the loyalty of the customer in the banking industry of Pakistan?

With the description of the research already introduced, the literature review will spotlight on discussions and ideas in previous studies linked to customer loyalty and the factors affecting it. There are numerous definitions of customer loyalty. Customer loyalty can be defined as the realistic behavior of consumers to a company or organisation. Customer loyalty states that even if companies make minor errors or mistakes, customers are still willing to do business with them or keep relations.

It should be eminent however, that customer loyalty has been considered for several decades by marketer, but is not a well accomplished observable fact (Gremler 1995). In services industries, the focus of service quality globally remains a critical one as service providers strive to maintain a comparative advantage in marketplace. Economic services particularly banks compete in marketplace with generally undifferentiated services and products, thus service quality becomes a key competitive weapon stated by (Stafford 1996). A banking organization can only took competitive advantage by providing high quality services. That's true structural changes have resulted in banks to perform a greater range of activities and facilitating them to become more competitive with non-bank financial institutions by (Angur, Natarajan et al. 1999). The interest is largely driven by the comprehension that higher service quality results in customer's satisfaction and loyalty, greater enthusiasm to recommend to someone else, decrease in complaints and improved customer retention rates stated by (Danaher 1997); (Mägi and Julander 1996) and (Levesque and McDougall 1996). (Olorunniwo and Hsu 2006) argued that service managers of such service factory are more concerned about their quality of service and client satisfaction. The service quality is identified as the determinants of customer satisfaction and loyalty in banking by (Jabnoun and Al-Tamimi 2003).

Trust has been defined as the willingness to rely on an exchange partner in whom one has confidence argued by (Oliver 1980) or confidence in an exchange partner's reliability and honesty argued by (Lacey, Suh et al. 2007). (Chaudhuri and Holbrook 2001) define brand trust as the customer's willingness to rely on the ability of the brand to perform its stated function. Trust is kind of commitment because it reduces the costs of consulting agreements. The level of trust is a basic element of the social fabric and a factor in all market transactions

stated by (Etzioni 1988). (Mosch and Prast 2008) give evidence regarding trust in banks for the Dutch financial sector, supported on surveys over the period 2003-2006, the author found a significant positive link between confidences in the economy and trust in the country's institutions.

Customer's overall evaluation of a firm based on client experiences to the firm's goods, communication activities, interactions with the firm and its representatives or constituencies (such as employees, management, or other customers) and known corporate activities demonstrate organization reputation stated by (Walsh and Beatty 2007). This approach of customer for organization's reputation insists the firm to focus on serving its customers with high quality goods and services with integrity and honesty stated by (Bartikowski, Walsh et al. 2011).

Many researchers argued that organizations having good reputation, the utilize this reputation in term of competitive advantage as rich reputation is likely to attract and keep the customers loyal stated (Fombrun and Riel 1997); (Kreps and Wilson 1982); (Walsh, Mitchell et al. 2009) and more specifically, intention to recommend to others argued by (Groenland 2002) and (Hong and Yang 2009). The concept of corporate reputation is not new and has been extensively studied by scholars in the fields of marketing, organizational theory and economics. Marketing researchers examine the same concept in terms of brand equity argued by (Aaker 2009) and connect it with the credibility of the firm stated by (Herbig, Milewicz et al. 1994). Corporate reputation may serve as a mirror of the firm's history which facilitate the company to communicate with its customers to realize them the quality of their products and services with respect to their competitors to take the competitive advantage argued by (Yoon, Guffey et al. 1993).

The link between reputation and customer loyalty deserves more concentration. (Andreassen 1994) and (Ryan, Rayner et al. 1999) said that reputation may be loyalty's strongest driver.

From previous studies about customer loyalty and the factors affecting it such as service quality, trust and reputation gave definitions of customer loyalty. Though, there were some things similar among their definitions. The differences between their definitions are the factors affecting customer loyalty. Nevertheless, according to some research customer satisfaction while positively influencing customer loyalty, is not always a adequate condition and in some cases fails to produce the expected effect.

Banks Information

Firstly we collect the data of number of scheduled banks with respect to their branches and their codes and operation cities from the Central bank of Pakistan. Furthermore, we apply random sampling to select number of branches and Individuals. More information regarding the sample selection shows in Table 1.

Table 1 Information of banks used for collection of data

S.No	Bank Name	Total Branches	Type	Branches in Lahore	Branches Selected	Number of Individuals Selected
1	Habib Bank Limited	1,468	Pvt	92	22	55
2	MCB Bank Limited	1,041	Pvt	81	19	66
3	Allied Bank Ltd.	766	Pvt	69	13	52
4	United Bank Limited	1,118	Pvt	63	15	45
5	The Bank of Punjab	273	Pub	58	14	69
6	National Bank of Pakistan	1,256	Pub	56	16	66

S.No	Bank Name	Total Branches	Type	Branches in Lahore	Branches Selected	Number of Individuals Selected
7	Bank Alfalah Ltd.	272	Pvt	48	11	27
8	NIB Limited	244	Pvt	45	12	23
9	Bank Al-Habib Limited	224	Pvt	36	9	23
10	Standard Chartered Bank Pakistan	175	Pvt	32	8	18
11	Faysal Bank Limited	129	Pvt	32	8	38
12	Askari Bank Ltd.	187	Pvt	27	6	13
13	Meezan Bank Ltd	131	Pvt	27	6	32
14	Soneri Bank Limited	119	Pvt	21	9	25
15	Royal Bank of Scotland	79	For	20	2	24
16	Habib Metropolitan Bank Limited	119	Pvt	20	4	24
17	SAUDI PAK Commercial Bank Ltd.	65	For	14	2	17
18	My bank Limited	80	Pvt	13	4	15
19	KASB Bank Ltd.	54	Pvt	12	3	14
20	JS Bank Ltd	19	Pvt	3	1	0
21	Atlas Bank Ltd.	36	Pvt	7	2	0
22	Crescent Commercial Bank Limited	28	Pvt	8	2	0
23	First Women Bank Limited	39	Pub	4	1	0
24	The Bank of Khyber	35	Pub	2	0	0
25	Bank Islami Pakistan Ltd	70	Pvt	8	2	0
26	Emirate Global Islamic Bank Ltd	40	Pvt	6	1	0
27	Arif Habib Bank Ltd	22	Pvt	3	1	0
28	Dubai Bank Ltd	23	Pvt	5	1	0
29	Dawood Islamic Bank Ltd	15	Pvt	1	0	0
30	Z.T.B.L.	344	Pvt	3	1	0
31	I.D.B.P.	19	Pvt	1	0	0
32	SME Bank Ltd	15	Pvt	3	1	0
33	Punjab Provincial Co-op. Bank	159	Pvt	2	0	0
34	Barclay	9	For	2	0	0
35	Al-Baraka Islamic Bank	29	Pvt	5	1	0
36	The Bank of Tokyo-Mitsubishi, Ltd.	1	For	0	0	0
37	Deutsche Bank Limited	3	For	1	0	0
38	Citi Bank N.A	26	For	7	2	0

S.No	Bank Name	Total Branches	Type	Branches in Lahore	Branches Selected	Number of Individuals Selected
39	The Hong Kong & Shanghai Banking corp.	9	Pvt	1	0	0
40	Oman International Bank S.A.O.G.	3	For	1	0	0
	Total	8,744		839	199	645

Source: State Bank of Pakistan
(Note: Private = Pvt, Public = Pub, Foreign = For)

Graphical Presentation

A graphical representation of customers loyalty towards public, private and foreign banks is shown in Figure 1.

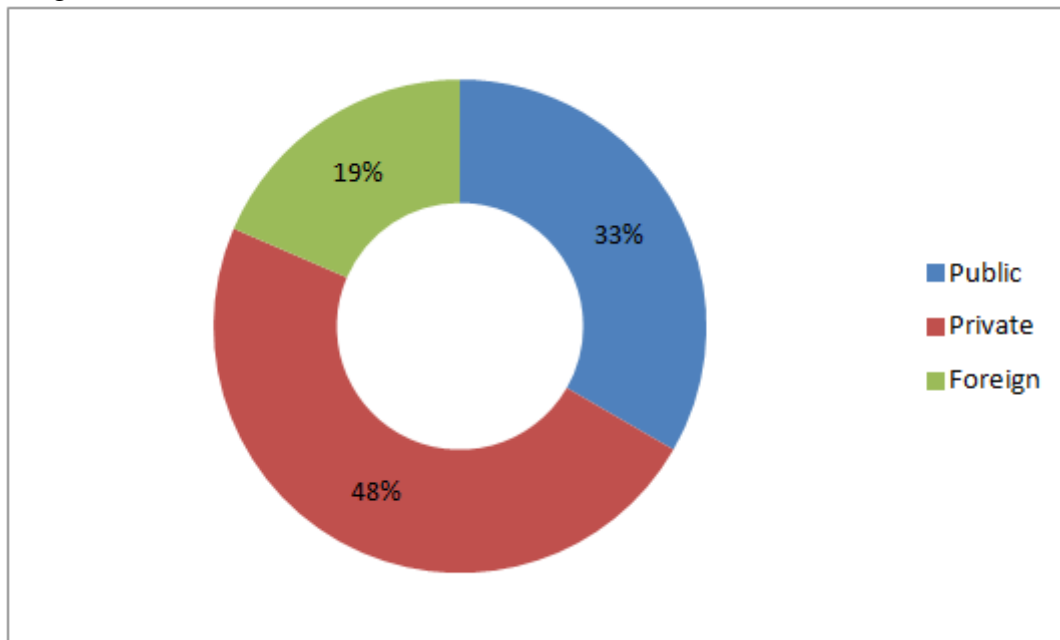


Figure 1 Customer loyalty with different type of banks

As per the comparison shown in Figure 1, we found that people are more loyal to private banks as compared with the public banks but also with the foreign banks as well. If we compare public banks with the foreign banks, people trust on public banks. The reason behind this finding is that people believe of there will be wrong in future, public banks will atleast remains in their country to compensate them but for foreign banks if anything happen arose they don't belong to our country and less chance of remedy.

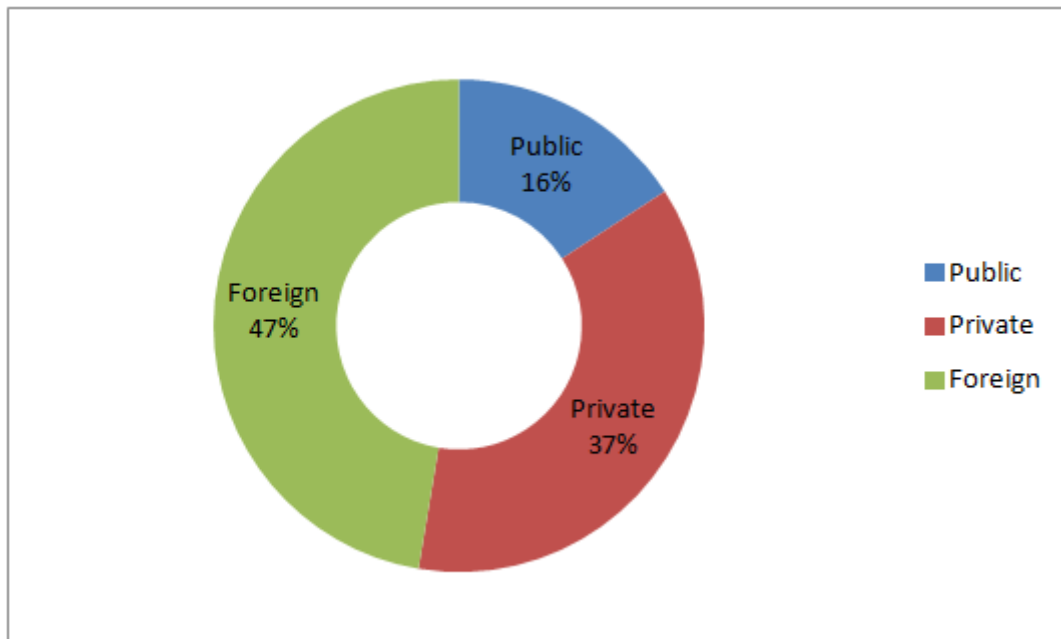


Figure 2 Perception about service quality for different type of banks

Figure 2 shows the data about service quality for public, private and foreign banks. Interestingly in this comparison we found that people believes that foreign banks provide much better services than local private and public banks. This is why people think banks having international operations having good experience and expertise to deliver the services because they are coming from developed countries. We all know that world is not only becoming global but also complex and competitive as well. To survive in this global world, you can only endure if you offers better services and fulfill the expectations of your customers. I would like to explain the difference between private local bank and public banks service quality. In Pakistan public banks, whenever hire a employee his/her job is confirmed up to the age of 60 years. No one can fire him/her except some special circumstances. Furthermore, the employee of public banks don't care about their customers and they did their jobs as per their own way. On the other hand, local private banks perform better than public banks because they have a tough time from their local and foreign banks. To survive in this environment if they do not provide the services as per the other competitors they cannot survive in long run. As they have more trust of customer, by providing the standard service they can take the competitive advantage over their competitors.

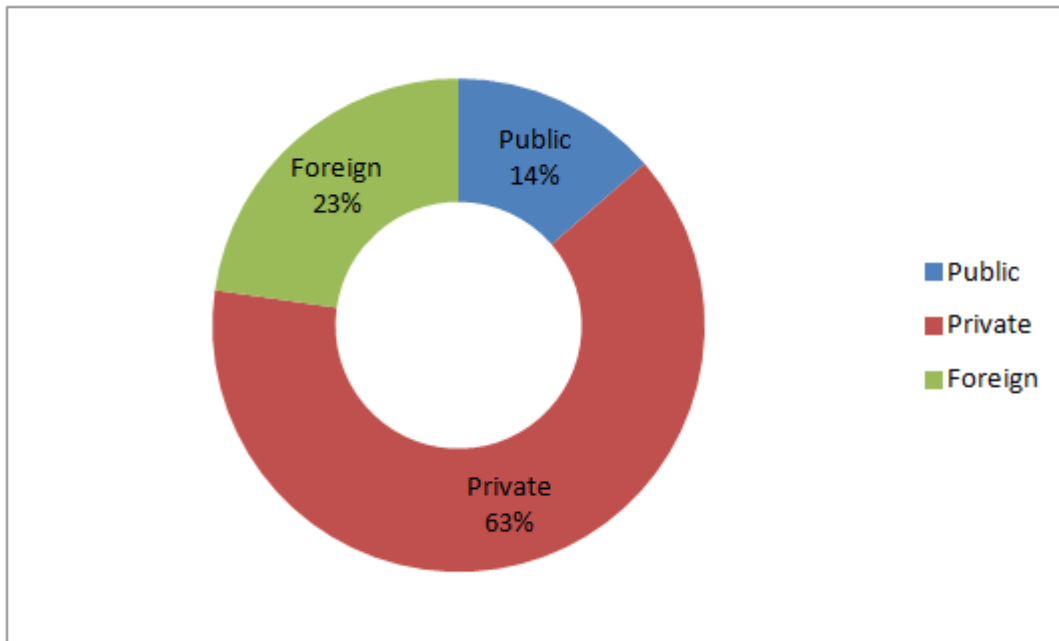


Figure 3 Trust for different type of banks

Figure 3 gives the graphical representation of trust of customer in different type of banks. In Pakistan there are three types of banks, Public Banks, Private Local Banks and Private Foreign Banks. From figure 3, we found that people don't want to trust on foreign banks. The reason is very obvious, people afraid about the foreign banks as in recent financial crunch people loosed significant money. This types of fear push people to rely more on local banks. normally public banks run by the government, so in this way in public banks political people have great influence. They sanction loan to unqualified customers as well just because of political influence. In return the customer suffer and this is the key reason people don't like to put their money in public banks.

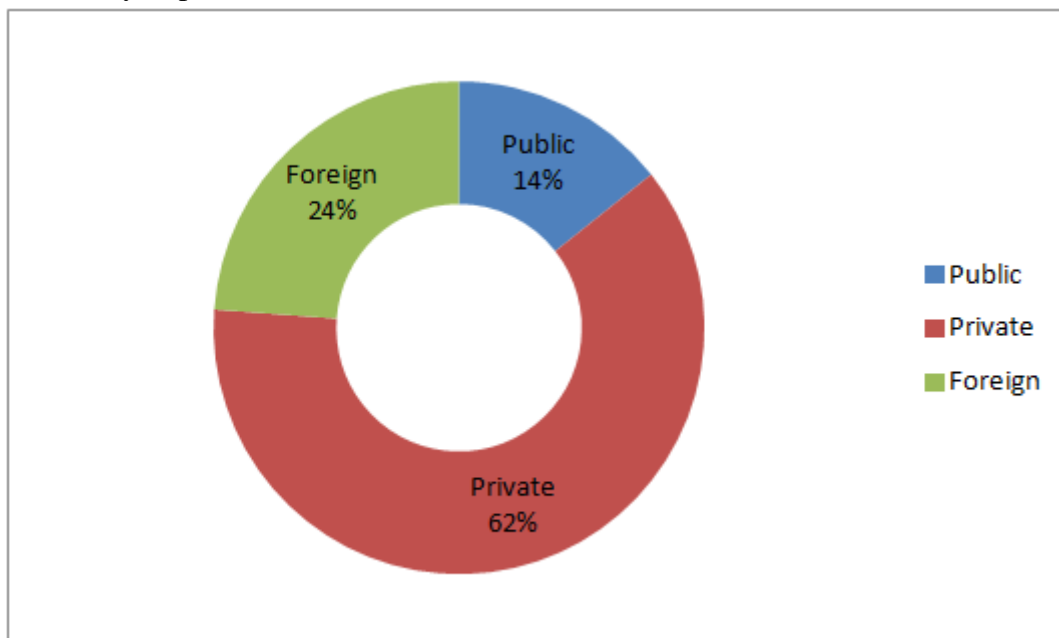


Figure 4 Effect of reputation on customer satisfaction for different type of banks

Figure 4 shows the effect of reputation of different banks on customer satisfaction. From the all these comparisons, as we observed local banks have a advantage of loyalty and trust from the people. Theses advantages altogether push the reputation of local private banks not only more than public banks but foreign banks as well. Now a days our local banks immitiating all

the facilities and management practices from the foreign banks and getting better. One factor which hurt the reputation of foreign banks is the lack of confidence of people just because of culture traits.

Structural Model and Hypotheses

This section explains the development of hypothesis based on the existing literature and proposes a model for determining customer’s loyalty. Customer’s Loyalty is affected by three factors. These three factors are service quality, trust and reputation. Using these three factors we are proposing a model to improve the customer’s loyalty. This model is shown in Figure 5.

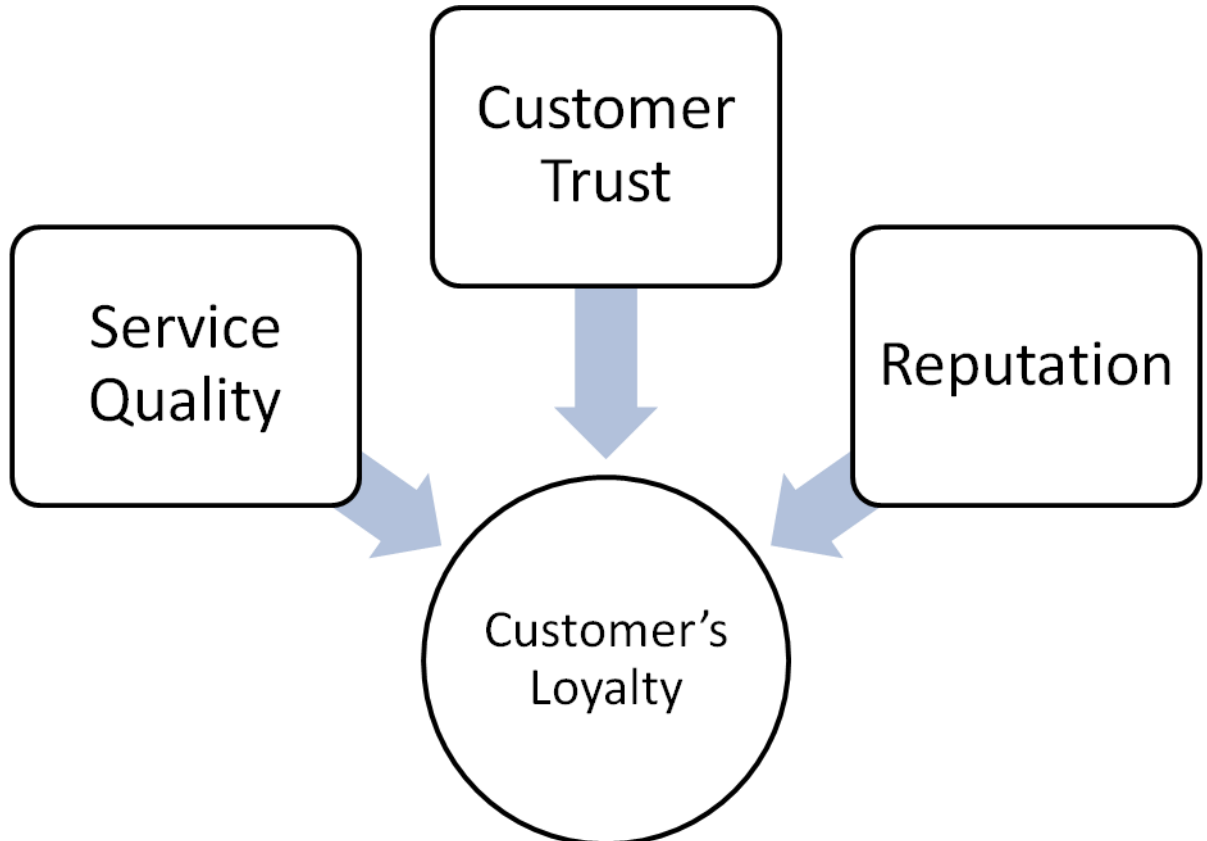


Figure 5 Model proposed to improve customer’s loyalty

Theoretical framework of service quality, trust and reputation the impact on customer’s loyalty.

Expected outcome of the Model

According to research, the expected outcome of the model proposed in Figure 5 are explained in Table 2.

Table 2 Independent variable and their expected result on customer’s loyalty

Independent Variable	Expected Sign	Expected Result
Service Quality	+	Highly Significant
Customer Trust	+	Significant
Reputation	+	Highly Significant

Factors Affecting Customer Loyalty

There are many factors that affect customer loyalty. In banking industry, according to the opinions of professionals and literature on previous studies, the effects of customer loyalty can

be evaluated in these aspects: service quality, trust and reputation service of quality requirement stated by (Ndubisi 2007).

Service Quality and Customer's Loyalty

This literature provides evidence that service quality plays a role of bridge between the organization and customer. This bridge consists of organization internal policies and practices that altogether lead to customer value and customer loyalty argued by (Cronin Jr, Brady et al. 2000); (Heskett, Sasser et al. 1997) and (Storbacka, Strandvik et al. 1994). (Zeithaml, Berry et al. 1996) concluded that organizations especially in the service industry can only gain customer loyalty if they continuously put efforts to maintain a superior quality services to their customers. (Rust, Zahorik et al. 1995) argued that it is better to invest in service quality and maintain the relation with customer to make him/her loyal if it increased the profitability. Service quality and customer loyalty have been extensively investigated by many scholars (Oliver 1980); (Levesque and McDougall 1996) and most of them conclude there is a positive relationship between service quality and customer loyalty said by (Yi 1990); (Anderson and Sullivan 1993) and (Boulding, Kalra et al. 1993). On the basis of above said we develop this hypothesis:

H1: Service quality enhances customer's loyalty

Customer's Trust and Customer's Loyalty

Trust is a key variable explaining the loyalty is supported by scholars as (Lim and Razzaque 1997); (Garbarino and Johnson 1999); (Chaudhuri and Holbrook 2001); (Singh and Sirdeshmukh 2000) and (Sirdeshmukh, Singh et al. 2002). Trust have positive effect on the loyalty argued by (Singh and Sirdeshmukh 2000). Trust is the driver of Commitment in the form of consumer attitudinal loyalty argued by (Morgan and Hunt 1994). Trust seems to be important factor in true consumer attitudinal loyalty argued by (Oliver 1999). (Bennett 1996) argued that to back the loyalty and success in the industrial markets can be possible by maintaining the relationship with customers and winning their trust. In this way trust is ultimate tool for success and loyalty. With the support of previous literature we say:

H2- Trust has a positive effect on customer's loyalty

Reputation and Customer's Loyalty

Reputation is the antecedent of loyalty argued by (Andreassen and Lindestad 1998). Reputation is stronger driver of customers loyalty argued by (Andreassen 1994) and (Ryan, Rayner et al. 1999). Reputation is positively related to the loyalty exmine by (Chun 2005). (Fombrun 1996) argued that reputation breeds customer loyalty. (Nguyen and Leblanc 2001) and (Anderson and Sullivan 1993) take reputation as an important determinant of loyalty. Good corporate reputation reinforce customer to repurchase argued by (Nguyen and Leblanc 2001). Corporate reputation is prerequisite for forming the customer loyal argued by (Bae and Cameron 2006). (Porter 2008); (Yoon, Guffey et al. 1993) and (Robertson 1993) suggests that good reputation resulted in long and stronger relationship with the customers. Many researchers argued that organizations having good reputation, the utilize this reputation in term of competitive advantage as rich reputation is likely to attract and keep the customers loyal argued by (Fombrun and Riel 1997); (Hall 1992); (Kreps and Wilson 1982); (Roberts and Dowling 2002); Rose and Thomsen (Rose and Thomsen 2004); (Shapiro 1983) and (Walsh, Mitchell et al. 2009). In the light of above scholars we develop this concept:

H3- Reputation has a positive effect on customer's loyalty

Methodology

This study involved a survey of the users of banks in Pakistan. The methodology was comprised of research design, sample size, questionnaire design, analysis, result of reliability and procedure. This research focused on customer loyalty and three factors namely, service quality, trust and reputation. Thus, three hypotheses were considered to determine the effect

on customer loyalty. Furthermore, customer loyalty was the dependent variable and independent variables were service quality, trust and reputation. The sample size of this research was 645 banks customers. Convenience samples are the most general form of sampling designs in social science research (Mohr 1990). In service marketing also used this sampling design. The questionnaires were distributed in different bank customers.

There were two main sections in the questionnaires. First section was the demographic characteristics of respondents. These characteristics were: gender, education and experience. The second section of the questionnaires was pertaining to the three independent variables service quality, trust and reputation and one dependent variable, customer loyalty. For four variables questionnaire was consisted of thirty seven (37) items, for customer loyalty fifteen (15) questions, thirteen (13) questions for service quality, five (5) questions for trust and four (4) questions for reputation. Measure for dependent and independent variables used five-point Likert-type scales (5=strongly disagree, 4= disagree, 3= neutral, 2= agree, 1= strongly agree). Few customer suggested that some words in the questions were not clear or straight forward. Except for these the questions were clear, realistic and easy to follow. Following the pretest, the unclear words and sentences were revised. The descriptive analysis and correlation of the variables service quality, trust, reputation and customer loyalty in this research used three hypotheses to assess the impact of independent variables and dependent variable. This research described the impact of independent variables on the dependent variable. Regression analysis was also used for the investigation between the variables.

Reliability Results

The reliability test was conducted using the Coefficient Cronbach's Alpha. Reliability analysis includes categorical and interjudge reliabilities. Interjudge reliability of research quality is often perceived as the standard measure. High levels of disagreement between judges suggest weaknesses in research methods, as well as the possibility of poor operational definitions, categories, and judge training. Reliability can access the instrument constancy and stability evident by (LoBiondo-Wood, Haber et al. 2005). Reliability results of the data acquired is given in Table 3.

Table 3 Reliability Results

S.No	Construct	No of Items	Cronbach's Alpha
1	Loyalty	15	0.785
2	Service Quality	13	0.773
3	Trust	5	0.680
4	Reputation	4	0.628

Cronbach's Alpha of .50 or above is consistent with the suggested minimum values as argued by (Nunnally 2010). Cronbach's Alpha designated to the reliability for each factor as follows: service quality 0.773, trust 0.680, reputation 0.628, and customer loyalty 0.785. Consequently, the results can be acknowledged as stated by (Nunnally 2010).

Findings

Demographic Variables

Here is descriptive statistics to know the demographics of our respondents. The respondents were male (76%) and female (24%). As Pakistan is developing country and its literacy rate is less than 45%. We all know education plays a vital role in any society, but we are suffering in this area. For the respondents we checked the experience of the customers like for how much time they are linked with the banking sector it is helpful for us to determine like either they are

old customers or just new ones. From the data we found that significant number of people having a relation with banks. The following were the education level of the respondents: those with high school certificate (5%), graduation (33%), master degree (65.5%) and more than master (1.5%). Here is experience of the respondents: 0-9 years (70%), 10-19 years (15%), 20-29 years (10%) and 30-36 years (5%).

Table 4 Gender distribution of individuals

Sex	Number of Individuals	Percent
Female	155	24
Male	490	76
Total	645	100.0

Table 5 Educational qualification of studied individuals

Qualification	Respondents	Percent
More than Master Degree	10	1.5%
Master Degree	391	60.5%
Graduation	212	33%
Under Graduation	32	5%
Total	645	100%

Table 6 Experience classification of studied individuals

Years of Experience	Frequency	Percent
0-9	451	70%
10-19	97	15%
20-29	64	10%
30-36	33	5%
Total	645	100%

Correlation Analysis

Galton introduced the concept of correlation in (1888). Correlation can demonstrate whether and how strongly pairs of variables are related. So to check the relationship between our variables we run the regression analysis. The results obtained are given in Table 7.

Table 7 Correlation Matrix

	Loyalty	Service Quality	Trust	Reputation
Loyalty	1			
Service Quality	0.591**	1		
Trust	0.543**	0.518**	1	
Reputation	0.465**	0.420**	0.399**	1

Table 7 exhibits the correlation coefficients among all variables. Customer loyalty is significantly correlated with three independent variables. The correlation is significant at the 0.01 level (2-tailed). The principle used for the level of significant was set a native. The relationship must be at least significant at $**p < 0.01$. Table 7 displays that there is significant

correlation between customer loyalty and service quality, ($r=0.591$, $p=0.000<0.01$), a strong positive significant correlation between customer loyalty and trust, ($r=0.543$, $p=0.000<0.01$). Therefore, it can be stated that there is a strong positive significant correlation between customer loyalty and reputation, ($r=0.465$, $p=0.000<0.01$). This shows that there is a moderate positive significant correlation between customer loyalty and reputation.

ANOVA Analysis

The ANOVA analysis procedure examines the relationship between a dependent variable and a set of independent variables. The impact of service quality, trust and reputation on customer loyalty also analysed in this research. The results are shown in Table 8.

Table 8 ANOVA analysis results

	Sum of Squares	Df	Mean Square	F	Sig
Loyalty					
Between Groups	70.25	2	35.12	377.63	0.00***
Within Groups	59.58	643	0.093		
Total	129.83	645			
Service Quality					
Between Groups	49.17	2	24.58	614.52	0.00***
Within Groups	26.34	643	0.04		
Total	75.51	645			
Trust					
Between Groups	78.63	2	39.31	928.13	0.00***
Within Groups	27.57	643	0.043		
Total	106.2	645			
Reputation					
Between Groups	49.69	2	24.84	428.27	0.00***
Within Groups	37.54	643	0.058		
Total	87.23	645			

As expected, the results of all the independent variables are positively correlated with customer loyalty. The correlation on service quality and trust are statistically significant. This means that customer loyalty, service quality, trust and reputation are associated. The research examined the influence of service quality, trust and reputation. As predicted, service quality ($F=614.52$, $p<0.00$) and trust ($F=918.13$, $p<0.00$) had a significant and strong positive impact on customer loyalty. There is reputation ($F=428.27$, $p<0.00$) has significant and strong positive impact on customer loyalty too. Thus, hypotheses H1, H2 and H3 were supported and accepted.

Discussion

In hypotheses H1, H2 and H3 the research inspected the impact of service quality, trust and reputation on customer loyalty. The Pearson coefficient for the relationship between customer loyalty and service quality is .591, so there is a moderate and positive relationship between customer loyalty and service quality. The results is supported by (Huan, Bandyopadhyay et al. 2005) and (Aydin and Özer 2005) the hypothesis (H1) is accepted. Service quality also has a significant impact on customer loyalty in what appears to be call quality, value-added service, and customer support. In addition, the area of customer support must take their complaints through a variety of systems and channels.

The Pearson coefficient for the relationship between customer loyalty and trust is .543. Thus there is a moderate and positive relationship between customer loyalty and trust. As a result, trust is positively related to customer loyalty. Trust is positively and significantly related to customer loyalty based on the results of previous studies by (Huan, Bandyopadhyay et al. 2005) et and (Aydin and Özer 2005) the hypothesis (H2) is accepted and supported. Trust has significant impact on customer loyalty.

The Pearson coefficient for the relationship between customer loyalty and reputation is .465. There is a relationship between customer loyalty and reputation. Reputation is positively and significantly related to customer loyalty results of previous studies by (Huan, Bandyopadhyay et al. 2005) and (Aydin and Özer 2005) the hypothesis (H3) is accepted and sustained. Reputation is correlated and significant impact on customer loyalty. The common knowledge of marketing experts also verifies that such an impact is valid. The situation can be explained by the general characteristics of the Pakistani banking industry. Consequently, the most important factor for the decision-making process is the services provided by the operator compared to trust and reputation.

Recommendation

Several new ideas arose while pursuing this research which led to the following recommendations. Service quality, trust and reputation are three important routes to customer loyalty for most service industries, moreover in keeping customers. Research associated to the importance of service quality, trust and reputation in attracting new customers to the company and how this may change between different service industries is in ominous need. In the emerging pattern of relationship marketing, there is a need to understand the importance of service quality, trust and reputation in retaining customers. This research focused on the impact of reputation, trust, and service quality on customer loyalty. One problem of estimating the existing customers' experience with the company and their perception of it is the closeness of the two constructs. This may create a validity problem. Research related to build finding good evaluates of service quality, reputation, trust and loyalty, is consequently required. This research covered 38% of the areas of the factors affecting customer loyalty, so there emerged a number of some recommendation and advice:

- To employ other variables such as switching barriers, commitment and satisfaction as factors affecting customer loyalty.
- To replicate the inquiry, to explain other regions or countries in order to obtain a broader view and analysis.
- Carry out an exhaustively research about the productivity of loyal customer in comparison to the costs of retaining them.
- Discover if awareness to the marketing labors really have an impact on the customer buying behaviour.

Conclusion

In this research, the impact of service quality, trust and reputation on customer loyalty are examined. Thus, the data was analysed by regression analysis and correlation. The outcome of the regression analysis shows that all the factors have positive effects on customer loyalty. Such as, the impact of service quality on customer loyalty stalks from positive relations between service quality and factors such as reputation and trust. The analysis results indicate that reputation positively affects customer loyalty. The universal experience of marketing experts also verifies that such an impact is valid. The situation can be explicated by the general characteristics of the Pakistani banking industry. In the regression analysis customer loyalty was dependent variable. The purpose of regression analysis was to determine which of the three factors would have the most important influence on customer loyalty. Of the three relations who were hypothesized to influence customer loyalty; service quality, trust and reputation were positively and significantly related. The positive relationship between customer loyalty and service quality is .591 by Pearson coefficient. Consequently, just as expected, customer loyalty increases with the service quality. The Pearson coefficient for the positive relationship between customer loyalty and trust is .543. Therefore, as trust increase, customer loyalty increases. Consequently, the Pearson coefficient for the positive relationship between customer loyalty and reputation is .465. Thus, as reputation increase, customer loyalty increases. In conclusion, service quality, trust and reputation are important predictors of customer loyalty. These findings indicate that trust to a lesser extent, service quality is crucial factors for customer loyalty as reputation. Usually, as earlier said, the results explained that service quality is a basic but insufficient condition for customer loyalty to materialize and to exist. In addition, consistent with previous research reputation, service quality and especially trust should be taken into consideration in formulating strategies for developing customer loyalty.

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