



**Determining Customer Satisfaction and Loyalty in Banking
sector of Karachi, Pakistan**

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Abstract

This paper aims to assess the influence of perceived price fairness, service quality, and service convenience on customer satisfaction and customer loyalty for the banking sector of Karachi, Pakistan. In addition to that, the influence of customer satisfaction is assessed on customer loyalty in the banking sector context. To test the proposed relationships, the data were collected from 425 account holders. The results of the analysis revealed that dimensions of service quality such as employees' behavior and tangibility have a significant influence on customer satisfaction and loyalty. On the other hand, information technology does not have a significant influence on customer satisfaction and loyalty. Moreover, the analysis revealed that perceived price fairness also asserts significant positive influence on customer satisfaction and loyalty. Among the dimensions of service convenience (benefit convenience) significantly impact, whereas, transaction convenience and benefit convenience failed to exert any impact on customer loyalty. Based on the results of data analysis, it has been suggested that bank executives should put more effort to ensure the provision of quality services to their customers. In addition to that, they should make promises that are feasible within the given resources. Moreover, employees should be provided with extensive training that enables them to provide uniform, standardized, and quality services to banking customers.

Keywords - Service quality, service convenience, perceived price fairness, customer satisfaction, and customer loyalty

Introduction

In Pakistan, the banking sector has become highly competitive after the privatization and liberalization of the economy. For banks, it is difficult now to entice new clients and to hold the prevailing customers (Abbas & Malik, 2008). Attracting new customers has become costlier than to retain the existing ones. Banks have gone under enormous strain to deal with the rising requests and desires for the clients because of expanded challenges (De Lange, 2013). The entry of private banks has challenged the environment and has increased the competition. Banks are now focused to launch new products and provide greater services than their competitors. Customers are now choosing



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their bankers from numbers of different banks that provide greater service quality (SQ) and service convenience (SC). Therefore, it is necessary to hold to old clients than to attract new ones (Cohen, Gan, Yong & Chong, 2007). In the banking sector, SQ is viewed as the distinction in customers' foreseen dimension of service and their evaluation of the dimension they got. In the customer-related research studies, customer satisfaction (CS) and Customer Loyalty (CL) are considered as an important factor. Advertising writing is loaded with things that have analyzed the factors that determine loyalty and customer satisfaction. Lenka, Suar, & Mohapatra, (2009) uses humanoid aspects, tangibles aspects, and IT aspects. Employee behavior, tangibility, and information technology are considered by (Kaura, 2013a) as dimensions of SQ. Arshad, Bhutto, Sarki, and Khuhro (2011) reported tangibility as an important factor in SQ determination. Chen, Chang, Hsu and Yang (2011) in-home delivery through the Kano model studied the association between facility ease and consumer fulfillment.

In this perspective, the fundamental driver of economic growth of any country is its financial sector. In the on-going examination with references to the financial sector, the influence of quality service on consumer satisfaction and loyalty have studied by the researchers (Kaura, 2013a, 2013b). SC is a component of client experience that spares clients' time and attempts. (Berry, Seiders, & Grewal, 2002) has theorized five measurements of SC: access convenience, transaction convenience, benefit convenience, post-benefit convenience, and decision convenience. Chen et al. (2011) develop the linkage between five factors of SC, customer satisfaction (CS), and loyalty. To empirically investigate the phenomenon, Martín-Consuegra, Molina, and Esteban (2007) studied the relationship between perceived price fairness, CS, client loyalty, and value acknowledgment. The findings suggested that when customers see that the cost of a service or item is sensible, it is workable for them to show the positive intention to buy that item or avail that service. Then again, if a customer does not feel that their penances are valuable, they may not make the purchase a fresh, notwithstanding when they are happy with the thing or administration. In the context of Pakistan, the efficiency of banks as a key institution in the financial system is very important as they help businesses and individuals to perform their financial transactions smoothly. The economy of Pakistan is continued to grow at a rate of 5.8 percent in FY 2019. The service sector constitutes 6.43 percent of overall GDP. The banking sector contributes to 6.13 percent in the services sector and its share in GDP is 3.4 percent in FY 2018. Banks do not reach the expected results without focusing on the client, without maximal satisfaction of the clients' requirements and expectations. Currently, on the banking market, a key to success is to focus on their customer and to offer exactly the range of services that suits him/her the best. Not all banks in Pakistan have realized this fact, and therefore tap, our study empirically investigate the impact of key factors that determine the CS and CL such as SQ, SC and perceived price fairness. The aim of current research is to show a detailed and complete view of the key aspects that are important in defining CS and loyalty in banking sector of Pakistan.

The findings of current research will provide a detailed view of the root cause of the service quality-related problems and use that information to develop solutions to improve the business performance of their organization which ultimately results in the high banking sector growth.



Literature Review

Advertising writing is packed with investigations on quality administration. The most widely used instrument that is to be considered is SERVQUAL. SERVQUAL only focuses on the human aspect of SQ (Sureshchandar, Rajendran, & Anantharaman, 2002a). It is also considered to be part of SQ but it does not consider by the SERVQUAL. Lenka, Suar and Mohapatra (2009) use human aspects, tangibles aspects, and, IT aspects. Besides, Kotler (2000) stated the definition of satisfaction as ‘an individual's thoughts of enjoyment or disappointment approaching around because of conflicting an item's result in linking to their wishes’. The ideal and the principal objectives of numerous firms is CL. Sometimes consumer loyalty is treated as behavioral measures and on other occasions treated as an attitude. The favorable inclination of customer towards the firm that offers different service relative to other firms that offer the same service is the attitudinal loyalty of customer. If another brand with better features and prices are present, such consumers will switch (Lenka et al., 2009).

In the review of literature, it has been also found that CS exerts a significant positive influence on CL. In time, satisfaction is changed into unwavering loyalty (Kaura & Dutta, 2012; Lenka et al., 2009). An examination directed by Kaura (2013b) demonstrated that consumers who are fulfilled and faithful they repurchase the same thing. However, in every circumstance, satisfaction does not influence on client willingness (Miranda, Kónya, & Havrila, 2005). The aim is to discover the impression of CS on CL. In the review of literature, it has been noticed that several studies explain the determinants of satisfaction. SQ is reported as a key factor that determines consumer satisfaction. The relationship between SQ (its dimensions), consumer satisfaction, and CL has been assessed in various industries. Among a few researchers in the field, Lenka et al. (2009) demonstrate whether SQ increases consumer satisfaction through a sample size of 350 valued customers in the banking sector. They use three variables: humanoid feature, tangibility feature, and high-tech feature of SQ. They surveyed a valued customer from each branch by using the purposive sampling technique. Results showed that better humanoid, high-tech and tangibility features of SQ increase consumer satisfaction. Human aspects of quality administration were more powerfully found to impact consumer satisfaction compared to technological and tangible aspects.

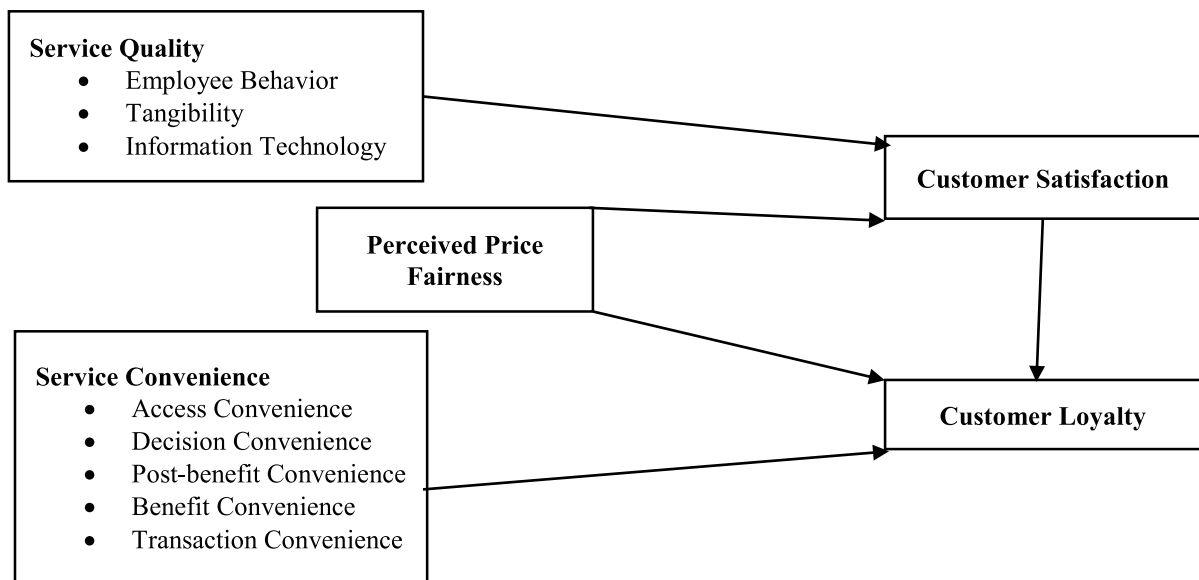
In this regard, current research tends to examine the factors of quality of service (information technology, employee behavior, and tangibility) on CS and CL. The current research also followed the measurement of Berry et al. (2002). Following the factors of Berry et al. (2002), Chen et al. (2011) examine the association SC and consumer satisfaction in-home delivery through the sample size of 476 respondents. The result shows that all components of SC related to consumer satisfaction. But as compare to other conveniences, the benefit has a positive and but less substantial impression on consumer fulfillment. As generally believed, clients who are content with a brand do not make the dedication to the association, however it is verifiably clear that those people who are disillusioned will have no faithfulness by any stretch of the imagination. In addition to that, Kaura (2013) demonstrate whether SC increases consumer satisfaction that leads to CL by taking banking customers as a respondent. They use all five components of SC with consumer satisfaction and loyalty.

To assess improve CS and CL, current research used five dimensions of SC given by Berry

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et al (2002). Price has a great influence on consumer fulfillment as it assumes a significant job in consumer's purchase (Herrmann, Monroe, Allen, & Huber, 1998). Herrmann, Xia, Monroe, and Huber (2007) studied the impact of price fairness on consumer fulfillment. 246 respondents were and their price fairness perception and consumer satisfaction were measured. The finding shows that price perception is directly related to consumer satisfaction. Similarly, research conducted by Asadi, Reza Jalilvand, and Khazaei Pool, (2014) demonstrated the impact of price fairness on consumer satisfaction and loyalty. The sample size of 647 questionnaires had been collected from international tourists. The result shows that price fairness has a significant influence on consumer satisfaction and loyalty. Furthermore, consumer fulfillment and faithfulness are found to be positively related.

Figure 1: conceptual framework



Hypothesis 1

H_{1a}: Employee behavior has significant impact on CS.

H_{1b}: Tangibility has significant impact on CS.

H_{1c}: Information technology has significant impact on CS.

Hypothesis 2

H_{2a}: Decision convenience impacts CS significantly.

H_{2b}: Access convenience impacts CS significantly.

H_{2c}: Transaction convenience impacts CS significantly.

H_{2d}: Benefit convenience impacts CS significantly.

H_{2e}: Post-benefit convenience impacts CS significantly.

Hypothesis 3

H₃: Perceived price fairness impacts CS significantly.

Hypothesis 4



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H_{4a}: Employee behavior impacts significantly on CL.

H_{4b}: Tangibility impacts significantly on CL.

H_{4c}: Information technology impacts significantly on CL.

Hypothesis 5

H_{5a}: DC impacts significantly on CL.

H_{5b}: AC impacts significantly on CL.

H_{5c}: TC impacts significantly on CL.

H_{5d}: BC impacts significantly on CL.

H_{5e}: PBC impacts significantly on CL.

Hypothesis 6

H₆: PPF impacts significantly on CL.

Hypothesis 7

H₇: CS impacts significantly on CL.

Research Method

The Approach that has been used is explanatory research. The focus of this approach is to analyze the relations among SQ, SC, perceived price fairness, CS, and CL. The primary data was collected using a survey that was administered electronically using a 5-point Likert scale of each item. As we have selected the population from Karachi, our target population are those individuals who have a bank account in any of the bank situated in Karachi. The targeted sample size was 384 which was selected based on (Saunders, 2007) with a 95% confidence level with a margin error of 5%. Survey instruments were electronically distributed to 425 consumers based on non-probability convenience sampling. For this research, a well-structured questionnaire method was used as a research instrument to collect data. The questionnaire was adopted, as sources are mentioned in table 1.

Table 1: summary of research instrument

Variables	Author/ Source	Items	Rating Scale
Customer Satisfaction	Kaura (2013)	03	5
Customer Loyalty	Makanyeza and Chikazhe (2017)	03	5
Employee Behavior	Kaura (2013)	07	5
Tangibility	Kaura (2013)	04	5
Information Technology	Kaura (2013)	04	5
Decision Convenience	Kaura (2013)	04	5
Access Convenience	Kaura (2013)	04	5
Transaction Convenience	Kaura (2013)	03	5
Benefit Convenience	Kaura (2013)	03	5
Post-benefit Convenience	Kaura (2013)	03	5
Perceived Price Fairness	Kaura (2013)	06	5

**Research Model**

H1: There is a significant relationship among SQ dimensions, perceived price fairness, SC on CS

$$CS = \beta_0 + \beta_1 (SQ) + \beta_2 (PP\&F) + \beta_3 (SC)$$

H2: There is a significant relationship among SQ dimensions, perceived price fairness, service convenience on CL.

$$CL = \beta_0 + \beta_1 (SQ) + \beta_2 (PP\&F) + \beta_3 (SC)$$

Data Analysis

The data analysis was performed using SPSS to test the influence of independents variables on dependent variables. The proposed hypothesized relationships were tested and interpreted to draw conclusions and inferences.

Respondent Profile

The given below table presents the profile of respondents along with the frequency and percentage of gender, age, qualification, employment status and tax filing status of the participants. We assume that respondents possess sufficient information to evaluate the focal constructs used in the current research.

Table 2: Respondent Profile

		Frequency	Percentage
Gender	Male	247	58.1
	Female	178	41.9
Age	Less than 20 years	2	0.5
	20-29 years	201	47.3
	30-39 years	107	25.2
	40-49 years	76	17.9
	Above 50 years	39	9.2
Qualification	Below Secondary	7	1.6
	Secondary	40	9.4
	Diploma	56	13.2
	Bachelors	181	42.6
	Masters/ PhD	141	33.2
Employment Status	Public	33	7.8
	Private	87	20.5
	Self-employed	110	25.9
	Unemployed	195	45.9
Tax Filer	Yes	195	45.9
	No	230	54.1



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As Table 2 indicates the entire sample is of 425 respondents. Among total respondents, female respondents were 178 and male respondents were 247. Concerning age, out of 425 people, 2 respondents were less than 20 years, 201 respondents were between and equal to 20 to 29 years of age, 107 respondents were between and equal to 30 to 39 years of age, 76 respondents were between and equal to 40 to 49 years of age and 39 respondents were above 50 years. Furthermore, with respect to education level out of 425 people, 7 respondents were below secondary, 40 respondents were secondary, 56 respondents were diplomas, 181 respondents were graduated and 141 were those respondents who hold degree of master and Ph.D. This table also presented the employment status of respondents, this includes 33 respondents were working in public sector, 87 respondents were working in private sector, 110 respondents were self-employed and 195 respondents were unemployed. Furthermore, this table also presented the respondent’s tax filing status. Out of 425 respondents, 195 respondents were tax payer and 230 respondents were not tax payer.

Reliability Test

Reliability of responses is measured using Cronbach’s Alpha. The criteria are that the test value must be greater than 0.5 according to Sekaran (2003). In that case primary collected data is reliable to conduct further analysis. The reliability test of questionnaire are following;

Table 3: Summary of Reliability Test

Variables	# of items	Items if deleted	C-Alpha
Customer Satisfaction	03	00	0.853
Customer Loyalty	03	00	0.889
Employee Behavior	07	00	0.878
Tangibility	04	00	0.680
Information Technology	04	00	0.757
Decision Convenience	04	00	0.790
Access Convenience	04	00	0.734
Transaction Convenience	03	01	0.590
Benefit Convenience	03	00	0.707
Post-benefit Convenience	03	00	0.789
Perceived Price Fairness	06	00	0.833

The values of Cronbach’s alpha indicate that most of the scale values are fall within acceptable range of reliability. Only one item (TC3) of transaction convenience was dropped in reliability analysis due to low communality values.

Correlation Test

The correlation value ranges from -1 to +1 and is indicated by ‘r’. According to Evans (1996), following are the correlation ranges:

**Customer Satisfaction**

Table 4: Correlation of CS

	EB	TAN	IT	DC	AC	TC	BC	PBC	PPF	CS
Pearson correlation	.643**	.412**	.387**	.705**	.482**	.611**	.401**	.737**	.474**	1
Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	
N	424	425	425	425	425	425	425	425	425	425

** . Significant at the 0.01 level (2-tailed).

All IVs have positive values. So it can be said that all IVs are associated with CS. Since r-value of employee behavior=0.643, decision convenience=0.705, transaction convenience=0.611 and post-benefit convenience=0.737, they all have a strong and positive correlation with significance value 0.000.

Furthermore, the r-value of tangibility=0.412, access convenience= 0.482, benefit convenience= 0.401 and perceived price fairness= 0.474, they all have positive but moderate correlation with CS with a significance value of 0.000. The r-value of information technology= 0.387, which shows that IT has a positive but weak relationship with CS.

Customer Loyalty

Table 5: Correlation of Customer Loyalty

CL	EB	TAN	IT	DC	AC	TC	BC	PBC	PPF
Pearson correlation	.597**	.486**	.376**	.611**	.556**	.549**	.396**	.665**	.551**
Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000
N	424	425	425	425	425	425	425	425	425

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

All values of IVs are positive; it can be said that all IVs are associated with CL. Since the r value of employee behavior = 0.597, tangibility = 0.486, access convenience= 0.556, transaction convenience = 0.549, and perceived price fairness = 0.551, it can be said that they have positive but moderate correlation with CL with significance value $p < 0.05$. The r-value of information technology = 0.376 and the r-value of benefit convenience = 0.396, which shows that they have a positive but weak relationship with CL. The r-value of



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decision convenience = 0.611 and the r-value of post-benefit convenience = 0.665, which shows that they have a positive and strong relationship with CL.

Regression Analysis

The current research use regression analysis using SPSS. This is the most commonly used and powerful method to determine the impact of IVs on DVs. In earlier research conducted in banking sectors, regression analysis is used by Shah and Jan (2014), Thiagarajan, Ayyappan, Ramachandran, and Sakthivadivel (2011), Nataraja, Chilale, and Ganesh (2018). The performed analysis is given below.

Customer Satisfaction Results

Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.782 ^a	.612	.604	.40734

a. Predictors: (Constant), PPF, IT, PBC, BC, TAN, AC, EB, TC, DC

“R” represents the level of prediction which is 78.2% here. It’s a quality measure of prediction of dependent-variable that is CS here and it is a good prediction-level. R Square or the coefficient of determination is the variance explained by IVs in the DV. This is also used to determine the model’s fitness and acceptability. The R² value in current research is 0.612 which shows that 61% changes are explained by constructs used to predict CS. Moreover, it indicates a moderate level of explanation is provided by all IVs.

Table 7: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	108.488	9	12.054	72.648	.000 ^b
1 Residual	68.694	414	.166		
Total	177.182	423			

a. DV: CS

b. Predictors: (Constant), PPF, IT, PBC, BC, TAN, AC, EB, TC, DC

The above table 4.6 shows that overall model is a good fit as the sig value is significant at 1%.

**Hypothesis Testing of Customer Satisfaction**

Table 8: Coefficients

Model	Unstandardized		Standardized	T	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	-.224	.105		-2.132	.034
EB	.178	.061	.151	2.932	.004
TAN	-.032	.059	-.022	-.533	.049
IT	-.053	.056	-.038	-.940	.348
DC	.282	.073	.220	3.856	.000
AC	.016	.052	.013	.298	.000
TC	.186	.072	.137	2.599	.010
BC	.005	.056	.004	.086	.932
PBC	.401	.064	.350	6.268	.000
PPF	.091	.055	.073	1.666	.000

a. DV: CS

Hypothesis testing

Table 5.1.6 indicates a significant effect of employee behavior on the CS (0.178, $p < 0.05$). The magnitude of the effect is also significant as indicated by a beta coefficient (0.178) As there will be one unit increase in our independent variable i.e. employee behavior there will be 0.178 units increase in the CS. The results support the H_{1a} . The results of regression analysis (-0.032, $p < 0.05$) also indicate that tangibility is a significant factor that impacts CS as indicated in Table 5.1.6. It shows one percentage increase intangibility will bring a 32% change in CS. The results also support H_{1b} .

From the regression analysis results given in Table 5.1.6, it can be seen that information technology is not significant (-0.053, $p > 0.05$). Thus, the results of the analysis do not support H_{1c} . Besides, the analysis shows that decision convenience does not have any impact on CS (0.282, $p < 0.05$). This implies an increase of 28.2 percent change in CS as a result of a one-unit increase in decision convenience. The regression analysis support H_{2a} and furnish supporting evidence in favor of the proposed hypothesis. In the regression analysis run to analyze the impact of access convenience on the CS indicates a significant impact (0.016, $p < 0.05$) and supports the H_{2b} . From the results, it can be inferred that there would be a 16 percent change in IVs as we increase one unit of access convenience. In addition to that, there is a significant impact of transaction convenience on CS with beta (0.186, $p < 0.05$). Since the p-value of transaction convenience = 0.010, so we accept H_{2c} as given in Table 5.1.6. The magnitude of the effect shows a positive 18.6 percent change in CS if we increase transaction convenience by one unit in the banking sector.

The regression analysis results shown in Table 5.1.6 do not provide supporting evidence in favor of H_{2d} as the results show an insignificant impact of benefit convenience on CS (0.005, $p > 0.05$). In analyzing the impact of post-benefit convenience on CS, the results indicate a significant impact of post-benefit convenience on CS. The statistical values



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(0.401, $p < 0.05$) are in favor of proposed H_{2e} . The magnitude shows a 40 percent change in the dependent variables as we increase one unit of post-benefit convenience. The regression analysis results shown in Table 5.1.6 shows perceived price fairness has significant impact on CS (0.091, $p < 0.05$). This result is in favor of H_3 since the p-value of perceived price fairness = 0.000 so that is why we accept H_3 . The beta values reflect a nine percent change in the level of CS as a response to one unit change in perceived price fairness.

The overall CS (CS) regression model can be written as;

$$CS = -0.224 + 0.178(EB) - 0.032(TAN) - 0.053(IT) + 0.282(DC) + 0.016(AC) + 0.186(TC) + 0.005(BC) + 0.401(PBC) + 0.091(PPF)$$

Customer Loyalty Results

Table 9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.743 ^a	.551	.542	.46781

a. Predictors: (Constant), PPF, IT, PBC, BC, TAN, AC, EB, TC, DC

“R” represents the level of prediction which here is 74.3%. It’s a quality measure of prediction of dependent-variable that is CL here and it is a good prediction-level.-The value of r^2 in current research is 0.551 which means that 55.1% changes in the CS are explained by the IVs used in the current research.

Table 10: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	111.346	9	12.372	56.532	.000 ^b
	Residual	90.602	414	.219		
	Total	201.949	423			

a. DV: CL

b. Predictors: (Constant), PPF, IT, PBC, BC, TAN, AC, EB, TC, DC

The above table 5.4.3 shows whether the overall model is fit or not. The value of F-statistics (F= 53.532, $p < 0.05$) indicates that the model run to examine the impact of focal constructs on the dependent variable is significant.



Hypothesis Testing of Customer Loyalty

Table 11: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.396	.121		3.283	.001
EB	.136	.070	.108	1.946	.005
TAN	.167	.068	.108	2.449	.015
IT	-.084	.065	-.056	1.301	.194
1 DC	.139	.084	.102	1.654	.099
AC	.171	.060	.134	2.842	.005
TC	.086	.082	.059	1.041	.299
BC	-.063	.064	-.046	-.979	.328
PBC	.360	.073	.294	4.895	.000
PPF	.266	.063	.200	4.238	.000

a. DV: CL

To measure the impact of employee behavior on CL, regression analysis was used and the results (0.136, $p < 0.05$) support the proposed hypothesis H4a. The beta coefficient value indicates that there will be an increase of 13.6 percent in CL with a one-unit increase in employee behavior. The results show that employee behavior has significant impact on CL. The results also show a significant impact on tangibility on CL as shown in Table 5.4.4. The beta value and significant value (0.167, $p < 0.05$) also provide supporting evidence for the proposed hypothesis H4b. It can be seen that tangibility has a beta value 0.167 which implies that almost 17% of the changes in CL are explained by independent variable tangibility.

Table 5.4.4 shows that information technology does not have a significant impact on CL (-0.084, $p > 0.05$). The results do not provide evidence to accept the H4c, and support the proposed relationship between information technology and CL. Decision convenience does not show any impact on CL with beta (0.139, $p > 0.05$). The p-value of decision convenience = 0.099 so that is why we reject H5a. This implies no impact of decision convenience on CL. In addition to that, the results of the analysis (0.171, $p < 0.05$) showed that access convenience significantly impact on CL. The p-value of access convenience is less than 0.05 so we accept H5b. The beta coefficient indicates that 17% of the changes are explained by independent variable access convenience in CL. Moreover, hypothesis testing for H5c indicates that transaction convenience does not significantly influence on CL. The results (0.086, $p > 0.05$) show that the p-value is greater than 0.05 and do not provide support for hypothesis H5c. Benefit convenience does not show any impact on CL with beta (-0.063, $p > 0.05$). This result is not in favor of H5d since the p-value of benefit convenience = 0.328, which is greater than 0.05. Based on the p-value we reject H5d.



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The results reported in Table 5.2.4 shows that post-benefit convenience significantly impacts on CL. The values (0.360, $p < 0.05$) indicates a p value less than 0.05 and support the H_{5e} . It can be seen that transaction convenience has a beta value 0.36 which implies that almost 36% of the changes in CL are explained by independent variable tangibility. As shown in the table 5.2.4, that there is a significant impact of perceived price fairness on CL with beta (0.266, $p < 0.05$). This result is in favor of H_6 since the p-value of perceived price fairness = 0.000 and less than 0.05. This provides evidence to support H_6 . It can be seen that transaction convenience has a beta value 0.167 which implies that almost 17% of the changes in CL are explained by independent variable tangibility.

The overall (CL) regression model can be written as;

$$CL = -3.96 + 0.136(EB) + 0.167(TAN) - 0.084(IT) + 0.139(DC) + 0.171(AC) + 0.086(TC) - 0.063(BC) + 0.360(PBC) + 0.266(PPF)$$

Table 12: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.762 ^a	.580	.579	.44821

a. Predictors: (Constant), CS

The value of R in the current research is .762 which represents a good level of correlation between variables. R Square is the variance explained by IVs in the dependent variables. The value of r-square in current research is 0.580 which means that 58% of changes in the DV are explained by the IVs used in the current research. Moreover, it indicates a moderate level of explanation is provided by focal constructs used in the analysis.

Table 13: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	117.430	1	117.430	584.545	.000 ^b
	Residual	84.977	423	.201		
	Total	202.407	424			

a. DV: CL

b. Predictors: (Constant), CS

Table 5.3.4 shows whether the overall model is fit or not, as the significance level is less than 0.05 which means the overall model is significant.

**Hypothesis Testing**

Table 14: Coefficients

Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	.337	.059		5.673	.000
	CS	.813	.034	.762	24.177	.000

a. Dependent Variable: CL

Hypothesis 7 proposed a significant impact of CS on CL. The analysis provides support for the H₇ as the p-value is less than 0.05. The analysis results (0.813, p<0.05) indicate a strong impact as the beta coefficient is 0.813 and the significant value is P<0.01). Thus based on the findings, the current research accepts hypothesis H₇ as shown in Table 5.3.5.

Table 15 Summary of Hypothesis Testing

Hypotheses	Hypothesized relationships	Results
H _{1a}	EB → CS	Accepted
H _{1b}	TAN → CS	Accepted
H _{1c}	IT → CS	Rejected
H _{2a}	DC → CS	Accepted
H _{2b}	AC → CS	Accepted
H _{2c}	TC → CS	Accepted
H _{2d}	BC → CS	Rejected
H _{2e}	PBC → CS	Accepted
H ₃	PPF → CS	Accepted
H _{4a}	EB → CL	Accepted
H _{4b}	T → CL	Accepted
H _{4c}	IT → CL	Rejected
H _{5a}	DC → CL	Rejected
H _{5b}	AC → CL	Accepted
H _{5c}	TC → CL	Rejected
H _{5d}	BC → CL	Rejected
H _{5e}	PBC → CL	Accepted
H ₆	PPF → CL	Accepted
H ₇	CS → CL	Accepted

Discussion

This section provides discussion on the results found in the current research. The detailed discussion on the findings is provided.

The findings of the current research provide a comprehensive view on how focal constructs used in this study determine CS and CL. The correlation and regression analysis results indicate that employee behavior has a significant impact on CS and CL. The findings are



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in line with previous results of Lenka, Suar and Mohapatra (2009) where employee behavior tend to increase the CS and CL. In current research, it is believed that employee behavior will determine the CS and CL. If the behavior is positive and supportive, customer will have more confidence on the services and can easily communicate with employees and get done their work smoothly.

Tangibility as a dimension of SQ also significantly influence on CS and CL as indicated in Table 5.1.6 and Table 5.4.4. The results are consistent with the findings of Lenka et al. (2009) and Hu and Liao (2011) among others, where tangibility appears as a significant factor that influence on CS and CL. It can be inferred that tangibility is an important factor of SQ, the presentation of banking services in efficient way tend to improve the level of CS and CL. The findings do not provide supporting evidence for the impact of information technology on CS and CL. The current research contradicts with previous findings (i.e. Lenka et al., 2009) based on correlation and regression analysis results given in Table 5.1.6 and 5.4.4. Based on the respondents in this study, informational technology may not be a significant factor that provide them satisfaction towards banking services and create loyalty. This could be use of traditional methods of banking rather updated and innovative ways.

In SC dimension results, the findings of current research support the significant impact of SC on CS but not on loyalty. The results are align with work of (Chen et al., 2011; Kaura, 2013b) where SC is reported as potential factor that determine CS. But service convenience failed to provide supporting evidence for CL. In addition to that the significane of access convenice is proved to be potential elements that determine CS and loyalty as found in previous research done by (Chen et al., 2011; Kaura, 2013b). In context of Pakistani banking sector, access convenience is very important for the customers and they like to have easy access to the services with convenience.

The findings related to transaction convenice and its impact on CS are found to significant and allign with findinsg of Chang, Hsu and Yang (2011). But findings related transaction convenience and CL are contradictory with previous research. It can be infered that customer enjoy transaction conveneince and get satisfied but it is not act as a source of loyalty with banks. In contrast with previous findings of Chen et al. (2011) and Kuara (2013b), the current research failed to found support for signfiact impact of benefit convenience on CS and CL. There could be some issues related to the benefits related to products and services offered by the banks to their customers. The benefits on the services are not treated as reasonable by the customers. The findings related to the impact of post-benefit convenience on CS and CL found to be significant and align with findings reported in past literature. For instance, Chen et al. (2011) and Kaura (2013b) also reported significant influence of post-benefit convenience on CS and loyalty. At the point when customers are guaranteed that their issues would get settled on time, at that point it leads toward their satisfaction which further leads toward CL.

Another important determinant of CS and CL which is perceived price fairness was assessed. The results of the analysis provide supporting evidence and prove that perceived price fairness have strong impact on CS and loyalty. Customers feel more satisfied and loyal when they have feeling they have been charged fairly by the banks for the provided services. The study results are consistent with the results of Asadi, Khazaei Pool and Reza Jalilvand (2014) and Herrmann et al. (2007). The current study is conducted to analyze the impact of CS on loyalty of bank customers. This relationship is investigated by many



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researchers in the related filed from both customer and service providers' context. As service providers they offer good services to customers in order to make them satisfied and behind satisfaction is to create loyalty among the customers. From customer perspective, whenever they start feeling satisfied from the services they tend to be loyal and switching to another services become hard for them. So they become loyal to a particular service provider and happily consumer their services. The findings are align with past research conducted various sectors including banking sectors for instance Kaura and Dutta (2012) and Lenka et al. (2009).

Conclusion and Recommendations On the basis of collected data and data analysis results, this research made several recommendations that can be used by the banks in order to improve their level of services. Banks should adopt new technologies in banking sector that can facilitate the customers. In addition, many banks applied video teller devices to make it easy for consumers to interact with their tellers using face to face speaking facility while attaining banking services using the drive-through lane. Banks should install more ATM machines and ensure they are in operation. It will also act as a source of access convenience for their customers. The staff should be given advance trainings to provide uniform and standardized services to the customers. The banks ought to encourage and motivate employees to make friendly cooperation with the clients and give more consideration to take care of clients' particular issues by treating them personally. This will bring about upgrading great compatibility among clients and banks. In future, researches can be carried out by investigating SC further in the equivalent heading as SERVQUAL is investigated. Moreover, study can also be extended by comparing the SQ, SC and perceived price fairness of conventional banking vs. Islamic banking.

This research aims to identify the potential factors that influence CS and CL. In the review of literature, it has noticed that majority of the research in the related areas only focus on SERVQUAL dimension in order to measure the SQ in banking sector. But current research overcome this issue by assessing the aspects of SQ such as employee behavior, tangibility and technology. These dimensions are related to banking services and comprehend the measurement of SQ. The result of data analysis indicates that SQ dimensions such as employee behavior and tangibility appears to have statistically significant influence on CS and CL. These findings are align with findings of previous researchers in the related filed. Whereas, the dimension of SQ which information technology has significant influence on CS and CL. This paper also found that SC and perceived price fairness appears to be important factors that are essential to measure CS and CL. Dimensions of SC showed significant influence on CS except benefit convenience. In addition, decision convenience and benefit convenience shows also appears as insignificant factors in determining CL. The results also provide supporting evidence that CS significantly impact on CL.

Limitations and Future research recommendations

This research is an effort towards determining significant factors that determine CS and loyalty in banking sector of Karachi, Pakistan. This research is not a blueprint of CS and loyalty model but also have some limitation due to time and resources which can be overcome by the future researcher to comprehend the CL and satisfaction model. This research used a sample of 425 customers that are account holders in different banks of



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Karachi, future researchers may use a bigger sample and include account holders from all over the Pakistan to have more generalized view. In addition, this research used SQ, SC and perceived price fairness to measure CS and CL. Another research may add some more variable that can increase the explanation in the model. Moreover, future researcher may add mediating or moderating effect to expand the study. This research is purely based on quantitative research design using survey and statistical analysis, future researchers may use qualitative or triangulation to confirm the model quantitatively and qualitatively. Although this research got some limitations but this is an effort towards comprehending the CS and CL.

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