

DETERMINANTS OF CUSTOMER'S LOYALTY: AN
EMPIRICAL STUDY OF MALAYSIAN RETAIL
BANKING INDUSTRY

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INDUSTRY

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I hereby declare that:

- (1) This postgraduate FYP is the end result of my own work, and that due acknowledgement has been given in the references to ALL sources of information be they printed, electronic, or personal.

- (2) No portion of this FYP has been submitted in support of any application for any other degree or qualification of this or any other university, or other institutes of learning.

- (3) The words count of this research report is 21278.

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ABSTRACT

The primary goal of this research is to determine the factors that influence customer loyalty in the domestic retail banking industry. Specifically, the study examines the effects of service quality, customer knowledge management, and confirmation on customer satisfaction, as well as the impact of corporate reputation on customer trust. The study also aims to investigate how customer satisfaction and trust influence customer loyalty in the domestic retail banking sector.

The research instrument used for this study was self-administered questionnaires, and 356 questionnaires were distributed to customers in the Klang Valley through social messaging platforms over a period of three weeks. The findings of the study suggest that service quality, customer knowledge management, and confirmation are significantly related to customer satisfaction in the domestic retail banking sector. Additionally, corporate reputation is positively related to customer trust in the industry. Finally, the study confirms that customer satisfaction and trust have a positive impact on customer loyalty.

In summary, the research presents an enhanced comprehension of the variables impacting customer loyalty within the Malaysian retail banking sector, offering valuable insights for academician's better understanding as well as allows industry stakeholders to improve and sharpen their competitive edge in the market.

DEDICATION

I would like to extend my sincere appreciation to my supportive family members for continuous assistance and care during this challenging period. I would not have been able to accomplish the research project without their love and care.

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CHAPTER 1

INTRODUCTION

1.0 Background of Study

The financial landscape has undergone some significant changes since 1957, when Malaysia attained independence. The gradual deregulation of the financial industry by Bank Negara Malaysia (BNM) was the first revolutionary process. In Malaysia, there were sixteen commercial banks with foreign ownership and ten anchor local commercial banks (Nam et al., 2006). Today's banking business in Malaysia has undergone significant changes as a result of bank mergers, deregulation, and fierce competition; as of this writing, only eight domestic commercial banks are still operating in Malaysia (BANK NEGARA MALAYSIA, 2022).

The first domestic bank, Kwong Yik (Selangor) Banking Corporation, also known as Malayan Banking Berhad was established in 1913, during the period when foreign bank branches were springing up swiftly in Malaysia. Soon after, as the banking sector in Malaysia continued to expand and grow steadily, a governing body (Bank Negara Malaysia) was finally required to regulate and oversee the activities of the numerous banks operating there. Bank Negara Malaysia (BNM) which is the central bank of Malaysia as well as other financial institutions such as commercial banks, financial companies, investment banks, and other financial institutions such as discount houses, representative office of foreign banks and others, are among the financial entities that develop and form the banking system in Malaysia. All of them together make up the main sources of funding for Malaysia's economic activity. The dominant participants in the banking system are mainly commercial banks. This resulted in the formation of BNM, which the federal government owns entirely.

Domestic retail banking basically refers to the assortment of products and services that banks provide to private customers as well as small and medium-sized enterprises through branches, self-service terminals, and other channels. Typically, the banks' primary retail banking clients are individuals and small enterprises. In general, bank's structure their retail operations along three key complementing aspects, including the type of customers they serve, the products and services they offer, and the delivery platforms that connect customers to those products and services. Deposit taking is the main retail banking activity on the liabilities side of a bank's balance sheet, which offers the bank a low-cost, reliable source of cash flow as well as a significant source of revenue. Savings bank accounts, fixed deposit accounts, and current accounts are all types of deposits that help to build and sustain a strong retail brand. In another hand, small and medium-sized business loans and consumer credit are the two main retail banking products on the asset section of the financial institution's balance sheet. Consumer credit comprises various types of credit facilities such as credit cards, mortgages, home equity loans, hire purchase loans, school loans, and other personal loans. where the bank is able to earn income through interest bearing payment from the loan repayment. Although loans and deposits are the core offering of retail banking, banks also offer a variety of other financial services to individual customers and small businesses in order to generate non-interest income. Retail banks offer individual customers a range of investment products such as mutual funds, insurance brokerage, financial and retirement planning, as well as other related services. Retail banks also covers merchant and payment services, insurance brokerage, payroll services, remittances, and other services for those small and medium-sized businesses.

According to financial organisations, the branch network serves as the primary delivery route for retail banking and may be the most crucial components of the retail franchise. It has undergone a significant transformation from a decade ago, when branches

were thought of as an expensive and conventional method of providing retail banking services. With the revolution in retail banking, it was replaced by online and telephone call centres, ATMs, cash and check deposit machines, and internet banking services for the general public (Toelle, 2006). Retail banking branches are able to draw in more customers and provide prospects for cross-selling because branches play a significant role in providing the basic retail banking products and services, namely deposits and credit facility.

The banking sector's rapid expansion has attribute to more competition. As the majority of banks offer perfect and close substitute products including savings accounts, current accounts, mortgages, personal loans, hire purchase loans, unit trusts, and more, it basically causing banking customers to possess higher bargaining power in the banking industry. In another hand, banks face challenges in achieving customer satisfaction and maintain consumer loyalty, particular in retaining existing customers while gaining new ones.

In the banking industry, like any other business, customer loyalty is crucial for long-term success. Customer loyalty refers to the customer who chooses one product over another to meet his or her needs. When a customer repeatedly buys the same product, this is referred to as brand loyalty, and when a customer buys different products from the same manufacturer, this is referred to as company specific loyalty. Loyal customers are the sources of good and strong relationships among customers and the company, which eventually helping the business to gain economic advantages. Sustaining a consistent and long-term relationship with the customer is an obligation of the banks as it will cause a huge impact on the organization's success. Loyal customers help to expand the retail banking's business by sharing positive experiences in the community.

In short, the progress and success of the financial institutions is highly dependent on their loyal customers. Meanwhile, customer satisfaction is the key element and leading

factor of every bank's ability to uplift and create loyal customers. Although some study has been done to examine the elements that affect customer satisfaction (Supriyanto et al., 2021), limited studies have focused on the scope of the domestic retail banking sector. The lack of thorough research on the factors influencing customer loyalty in Malaysia's retail banking sector constitutes the study gap in this investigation. While earlier research focus on service quality as a primary determinant for customer loyalty (Chih Wei, 2013), new research has discovered additional aspects such as customer knowledge management, confirmation, and company reputation as crucial determinants of loyalty. By filling in this gap in the literature, the study has offered fresh perspectives on the factors that affect customer loyalty in the Malaysia retail banking sector.

1.1 Problem statement

Financial institutions typically offer highly standardised, identical financial products such as mortgage loan, hire purchase, personal loan, credit cards, etc. Due to the BNM's interference, the yearly interest rates quoted by each bank for loans facility and fixed deposits are very similar. Banks must always consider the needs of their customers in order to remain competitive. That explains why differentiation strategy and innovation are used by various banks to retain customers. As to attract customers' attention and be seen as delivering supreme value products, banks are required to constantly redesign and repackage their products as well as offering exclusive services. The is to simply enhance customer satisfaction and their trust towards the bank, thereby strengthening customer loyalty.

Service quality, customer knowledge management, and confirmation, i.e., satisfying customer expectations, are believed to have an influence on customer happiness, which leads to customer loyalty(Pangeiko Nautwima & Romeo Asa, 2022). Gaining high levels of customer satisfaction is crucial for all types of organisations because happy

consumers are more likely to stick around, retained, and place orders repeatedly with the organisation in the long run. Customer knowledge management enables organisations to offer world-class customer service, design products, services that customers expected, as well as supporting the business processes and operations to cultivate a strong customer relationship by reducing the gap between customer's expectation and actual performance which eventually led to customer satisfaction. Due to customer satisfaction is heavily influenced by their expectations and perceived performance of the products and services they received. As a result, this sense of satisfaction achieved from confirmation, disconfirmation and perceived benefits for the products or services has a significant impact on repurchase intentions and eventually also affect the customer's loyalty with the financial institution. Yet, such implications, particularly in Malaysian retail banking, were not completely understood.

Customers' trust in the bank results in favourable, positive feedback for the business relative to its rivals, and they consistently show their loyalty by making more purchases from the business and eventually increases the stickiness with the bank. Therefore, corporate reputation is a crucial factor in determining customer trust, particularly in the service sector where it is even harder to identify a company's products because the services are intangible (Stravinskiene et al., 2021). the significance of corporate reputation as it is basically the intangible asset for a financial institution. Furthermore, numerous studies have been carried out to examine the relationships between service quality, customer satisfaction, and its impacts on customer loyalty. However, the results are still unclear especially with regard to the impact of service quality on customer loyalty. (Supriyanto et al., 2021).

As abovementioned, it is very crucial to identify the variables that affect customer satisfaction and trust as these two elements are critical for a bank's competitive edge and long-term viability. Undeniably, customers' needs, and expectations must be addressed

by Malaysian banks in order to outperform their competition. Banks are always constrained by the belief that customer loyalty is primarily determined by the attitudes of bank's workers and the quality of their services. However, it is unclear as to what extent the remark really depicts the situation. The majority of researchers limited their analyses of customer satisfaction in the banking industry to three independent variables, which are service quality, customer perceived value, and company image. As a result, this study is being undertaken to expand the study to include additional independent variables such as customer knowledge management, confirmation, and corporate reputation. It is hoped that the end result of this research will be a clearer identification of the customer's priorities and factors that impact the customer's satisfaction and trust, as represent the significant key to increase customer loyalty which will sharpen the competitive edge of domestic retail banking sectors.

1.2 Research Question

Based on the problem statement, the following are the general research questions:

- (1) Do customer satisfaction and trust influence Malaysian retail banking customer loyalty?
- (2) Do service quality, customer knowledge management, and confirmation influence Malaysian customers' satisfaction in retail banking, leading to customer loyalty?
- (3) Do corporate reputation influence Malaysian customers' trust in retail banking, leading to customer loyalty?

Specifically, the statements of research questions are as follows:

- (1) Is there a significant relationship between customer satisfaction and loyalty?
- (2) Is there a significant relationship between trust and loyalty?

- (3) Is there a significant relationship between service quality and customer satisfaction?
- (4) Is there a significant relationship between customer knowledge management and customer satisfaction?
- (5) Is there a significant relationship between confirmation and customer satisfaction?
- (6) Is there a significant relationship between corporate reputation and trust?

1.3 Research objectives

The purpose of this study is to identify the factors that contribute to customer loyalty in the domestic retail banking industry. The primary objective is to determine the impact of customer satisfaction and trust on loyalty. The next objective is to explore the factors that influence customer satisfaction and ultimately result in loyalty. Lastly, it seeks to investigate the impact of corporate reputation on trust, ultimately resulting in loyalty. Specifically, this study intends to:

- (1) To examine the relationship between satisfaction and loyalty.
- (2) To examine the relationship between trust and loyalty.
- (3) To investigate the relationship between service quality and customer satisfaction.
- (4) To investigate the relationship between customer knowledge management and customer satisfaction.
- (5) To investigate the relationship between confirmation and customer satisfaction.
- (6) To determine the relationship between corporate reputation and trust.

1.4 Scope of Study

Twenty-one locally incorporated international banks with operations in Malaysia and thirteen domestic commercial banks are listed with The Association of Banks in Malaysia. (BANK NEGARA MALAYSIA, 2022)

• Domestic Bank	• Foreign Bank
<ul style="list-style-type: none"> • Affin Bank Berhad • Alliance Bank Malaysia Berhad • AmBank (M) Berhad • Bank Islam Malaysia Berhad • Bank Kerjasama Rakyat Malaysia Berhad • Bank Muamalat Malaysia Berhad • Bank Pertanian Malaysia Berhad • Bank Simpanan Nasional • CIMB Bank Berhad • Hong Leong Bank Berhad • Malayan Banking Berhad • Public Bank Berhad • RHB Bank Berhad 	<ul style="list-style-type: none"> • Al Rajhi Banking & Investment Corporation (Malaysia) Berhad • BNP Paribas Malaysia Berhad • Bangkok Bank Berhad • Bank of America Malaysia Berhad • Bank of China (Malaysia) Berhad • Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad • Citibank Berhad • Deutsche Bank (Malaysia) Berhad • HSBC Bank Malaysia Berhad • Industrial and Commercial Bank of China (Malaysia) Berhad • J.P.Morgan Chase Bank Berhad • Mizuho Corporate Bank (Malaysia) Berhad National Bank of Abu Dhabi Malaysia Berhad • Kuwait Finance House • MBSB Bank Berhad • OCBC Bank (Malaysia) Berhad • Standard Chartered Bank Malaysia Berhad • Sumitomo Mitsui Banking Corporation Malaysia Berhad • The Bank of Nova Scotia Berhad • The Royal Bank of Scotland Berhad • United Overseas Bank (Malaysia) Berhad

TABLE 1.1 LIST OF BANKS

The banking service known as "retail banking" focuses on individual customers or consumers. Furthermore, domestic retail banking offers customers a range of banking services and products, including credit cards, remittances, savings accounts, current accounts, fixed deposits, and more. Retail banking offers loans and services for personal use, such as mortgage or hire-purchase loans, personal loans, and mutual funds for investing. This study focus is on the domestic retail banking industry's provision of the following banking goods and services such as savings and current accounts, fixed deposits, credit and debit cards, remittances, home/hire purchase loans, personal and business loans, mutual funds, and insurance. The domestic retail banking industry is expanding and

fostering fiercer rivalry among Malaysia's domestic retail banks. Therefore, the aim of this research project is to determine the correlation between customer satisfaction, trust, and loyalty. Specifically, the study aims to examine how service quality, confirmation, and customer knowledge management influence customer satisfaction, while corporate reputation shapes customer trust. The research seeks to enhance the comprehension of the complex relationships of customer satisfaction and customer trust towards loyalty, with the ultimate goal of informing strategies to enhance customer loyalty in domestic retail banking, particularly in the Malaysian context.

1.5 Significance of Study

Services are the top priority for banks since financial products in the domestic banking system tend to be mostly homogenous, standardised, or closely comparable items, where the said products of banking are similar to one another in the industry. Customer satisfaction is closely tied to customer loyalty as well as market share (Ho et al., 2009). When customers are highly satisfied with a bank's existing products and services, they are less likely to switch to another bank. A bank's ability to stand out from rivals and gain a sustained competitive advantage depends on how satisfied its customers are and how well the customer trusted a brand. Therefore, the findings of this study provide the domestic banking system a better understanding of what the customer expects. In addition, it helps the industry to establish a customer and benchmark, and subsequently improve consumer satisfaction and trust. This study serves as a helpful roadmap for domestic banks to position themselves in the domestic banking sector because it offers an indicator of consumer satisfaction and trust with regard to domestic retail banks. The study's findings are important for researchers and academicians because it shed light on how consumers perceive the variables that affect their satisfaction and trust, which in turn affects their

loyalty. The retail bank manager can create more successful market strategies by understanding the relationship between all the variables and customer loyalty. Additionally, this outcome can help all firms, particularly the financial sector by identifying the aspect that can affect customer loyalty as well as the connection between the other factors. Consequently, this enables retail banks to enhance their development and make informed decisions.

The study has made a substantial contribution to the academic community as it sheds light on the underlying factors which impact customer satisfaction, trust, and loyalty in Malaysia retail banking sector. The theoretical contribution of this study lies in the identification of the crucial factors that drive customer satisfaction, trust, and loyalty in Malaysia banking sector such as service quality, customer knowledge management, confirmation, and corporate reputation. As a result, this study significantly advances the theoretical comprehension of customer loyalty within the banking industry in Malaysia. The findings of this study provide valuable insights for bank managers, policymakers, and scholars who are interested in comprehending the factors that drive customer satisfaction, trust, and loyalty in the Malaysia retail banking sector.

1.6 Definition of Terms

Retail Banking

- Retail banking refers to a group of goods and services that banks offer to private customers as well as small and medium-sized enterprises through physical locations, internet platforms, self-service terminals, and other channels. The three primary complementing aspects that banks use to arrange retail activities are serving customers, providing customized financial products and services, and offering delivery channels that connect customers with those offerings (Beerli et al., 2004).

Customer Loyalty

- It is referred as a real commitment to continue purchasing a certain brand of good or service in the near future, regardless of marketing efforts and other circumstances that could influence the customer's switching behaviour. It is the result of commitment and trust. Customer loyalty increases with increased dedication to a certain brand, product, or service.

Customer Satisfaction

- It is a business philosophy that emphasises providing customers with value, anticipating, and achieving their expectations, and demonstrating the capacity and responsibility to meet their demands (Desiyanti et al., 2018).

Customer Trust

- An individual's confidence in a business is referred to as customer trust. It demonstrates faith in a business' dedication to keeping its commitments and acting in the best interests of the customer (Fatmawati & Fauzan, 2021).

Service quality

- Generally, service quality is defined as the output of a system for delivering services and is associated with consumer satisfaction, perception, and opinions that are formed based on numerous contributing references which arises from comparison of the output's performance with the customer's general expectations of how companies in that industry should perform (Vu, n.d., 2021).

Customer Knowledge Management

- A successful knowledge management strategy involves the instantaneous access to and processing of data, allowing organisations to respond to their value consumers more quickly and making decisions that are more reliable and informed (Ilham et al., 2006).

Corporate reputation

- Corporate reputation is defined as the perception that key stakeholders have of the company. The components that determine a company's reputation are its previous behaviour and projections for the future. It essentially determines the perceptions that audiences and potential customers will have of the organization's brand, its past, and its likelihood of surviving into the future (Stravinskiene et al., 2021).

Expectation-Confirmation Theory (ECT)

- It is basically a standard consumer behaviour model to describe and forecast satisfaction and repurchase intention. Repurchase intentions are heavily influenced by previous satisfaction, which is gained through expectations for the goods or services, and "disconfirmation" caused the biggest direct impact (Chen et al., 2010).

1.7 Organisation of Thesis

This chapter 1 covered a broad overview of the research topic, issue statements, research questions, and goals. Additionally, it includes the scope of study as well as the significance of study.

This chapter 2 defines customer satisfaction as well as other important terminology like all relevant independence variables. It includes critical analysis and a thorough study of both historical and present literature. The aim of the literature is to discover pertinent theoretical frameworks that support the relationship between service quality, customer knowledge management, confirmation, customer satisfaction, corporate reputation, customer trust, and customer loyalty. This chapter will analyse how each factor influences customer satisfaction and customer trust in the domestic retail banking sector and will also explore the relationships between that factors and customer loyalty.

An overview of research design is presented in chapter 3. It provides examples of data gathering methods, data analysis methodologies, and specifies target respondents.

This chapter 4 discusses the findings from the research as well as their analysis and interpretation. This will verify the hypothesis and the appropriateness of the variable relationships.

The research is eventually concluded in chapter 5, which also compares the findings of the current study to earlier ones before bringing the investigation to a close. Additionally, it offers suggestions for improving the independent variables as well as the study's limitations.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

In relation to the research topic, the discussion and evaluation of journal articles and research studies are covered in this chapter. Besides, several significant topics, such as the development of hypotheses, the underpinning theory, and the proposed research framework will be discussed in the chapter.

2.1 Literature Review on Variables

2.1.1 Customer Loyalty

One of the primary goals that organisations aim to achieve is to establish customer loyalty. Loyalty customers play a very crucial role in every industry as they are less sensitive to pricing changes and encourage others to utilize a business service by spreading favorable word of mouth (Muzahid Akbar & Parvez, 2009). Loyal customers can be a significant source of revenue for a business, and their recommendations and endorsements can also help attract new potential customers at a lower cost. Customer loyalty is thus one of the key metrics for measuring both present and future business success. As a result, creating a loyal customer base provides several benefits, including gaining a competitive edge, reducing customer attrition, ensuring a stable revenue stream, and facilitating customer acquisition. Thus, an organization values its loyal customers as an asset to the business.

Customer loyalty in domestic banking industry is basically the tendency of customers to repeat the financial transactions such as invest, borrowing and deposit based

on their past interactions with the bank as well as the positive expectation for future dealings. A company that manages customer loyalty well attracts customers easily. By enhancing their customer relationships and enabling the acquisition of new consumers at a cheaper cost, customer loyalty offers long-term economic benefits to businesses(Arslan, 2020).

Particularly in banking industry, customer loyalty allows financial institutions to build meaningful relationships and brand trust with individual and corporate customers from different industries. Strong customer loyalty reduces the marketing cost for financial institution in order to advertise and expand the business as these loyal customers served as brand advocates for the banks. They act as an unbiased source of information with no obligations to promote, which is even more persuasive than the bank's marketing initiatives. Thus, it is necessary for banks to acknowledge and develop customer loyalty in the industry.

This study explores customer loyalty from the dimension of customer satisfaction and trust which influenced by variables such as service quality, customer knowledge management, confirmation, and corporate reputation. Every financial institution aims to satisfy every customer with its offerings. The outcome of this study will be able to give viewer some guidance on how to identify the factors that may have an impact on customers' loyalty to the banking sector.

2.1.2 Customer Satisfaction

In the extremely competitive business world of today, many businesses consider customer satisfaction to be a crucial factor for success. Customer satisfaction is the enjoyment a customer experiences while consuming a good or service. It is the attitude that a customer has toward a good or service that they utilise in accordance with their expectations (Oliver, 1997). The gap between what a customer anticipates from a product or service and what he or she actually receives is known as customer satisfaction. Customer

satisfaction is described as the compromise between what the customer expects and the actual performance that is delivered (Chen et al., 2010). Customer satisfaction would increase when actual performance increased in comparison to expectations. Customer satisfaction is not a final goal for a business.

Customer satisfaction was usually presumed to cause positive impact on the loyalty towards an organization and numerous studies have been carried out to establish the connection between these two variables. Earlier research has claimed that customer loyalty is directly linked to customer satisfaction. The likelihood that a consumer will use a product or service improves if they are satisfied with goods or services they purchased (Sharma et al., n.d.).

Besides, customer satisfaction as a business philosophy emphasises adding value for customers, foreseeing, and managing consumers expectations, and demonstrating the capacity and obligation to meet their demands (Dominici & Guzzo, 2010). Different types of customer satisfaction were defined by researchers. In general, there are two perspectives that can be used to analyze studies on customer satisfaction (Ho et al., 2009). Both an affective and a cognitive perspective can be used to conceptualize satisfaction. Customer satisfaction has been demonstrated to have a direct impact on consumers' affective and cognitive evaluations. Additionally, customer satisfaction is a cognitive state that typically involves seeking opinions from customers after they have used a product or service. (Ho et al., 2009). Initially, classical theories argued that cognitive processes are what lead to customer satisfaction. Affective processes, on the other hand, have been the subject of recent conceptual advances that claim they can be used as a predictor of customer pleasure and a way to measure consumer affection. Other than that, some researchers argued that rather than being considered as a transaction-specific metric, customer satisfaction should be seen as a judgement and accumulation of experiences with products or services.

2.1.3 Customer Trust

Trust has been shown to be crucial for establishing and sustaining long-term partnerships by researchers (Muzahid Akbar & Parvez, n.d.). Within every ecosystem of commercial sectors, building trust is fundamentally necessary for establishing a long-term relationship. Customer trust is built on a foundation of cumulative satisfaction, continuous quality service delivery, meeting customer needs, treating them with honesty and fairness, and assurance that the business always has their best interests in mind (Sirdeshmukh et al., n.d.). Customer trust is influenced favourably by a company's reputation. The perceptions of stakeholders about a company's conduct in the marketplace are its reputation (C. J. Fombrun & Gardberg, 2000). Corporate reputation is a powerful influence on whether potential consumer becomes customers. Trust can be developed only when one party believes in the dependability and integrity of a partner in an exchange (Morgan & Hunt, n.d.). Additionally, it can be confidently concluded that the development of trust can occur if one party thinks that the other party's activities will benefit the first party (Anderson & Narus, n.d.). Customers who trust an entity will not only expect positive outcomes but also have confidence that these outcomes will continue in the future. This is because the concerned party must be able to fulfil its responsibilities to its customers within the cost-benefit relationship (Doney & Cannon, n.d.). Both rational and emotional bonds help to establish trust. The phrase "customer's willingness to rely on a service provider's competency and reliability" is referred to as rational trust. A customer's "feelings generated by the level of care and concern the partner exhibits" are what are referred to as their "emotional trust" (Halliburton & Poenaru, n.d.).

In current banking industry, it is very challenging to properly comprehend customers since financial institutions are an abstract type of business that is characterized

by trust. A decent deed and honest act enable bank employees to create long-lasting relationships with loyalty customers by the building trust in customer base (Román, 2003)

2.1.4 Service Quality

The term "service" comes from the Latin word "Servitum," which means "served by slaves." Services are activities that are intangible in nature and often involve interactions between customers and service providers. According to some scholars, a service is a non-tangible benefit that is given from one person to another but whose ownership cannot be claimed. Commonly, services typically consist of actions, procedures, and performances (Mulat, 2017). While quality is defined as the entire perception of the consumer regarding the relative superiority or inferiority of the business and their services (Bakar Siddique et al., n.d.). Additionally, the degree to which the service meets the expectations of the clientele could be measured as a metric of quality. Overall, quality is defined as being excellent, valuable, conforming to specifications, complying with regulations, and preventing loss of the consumer (Thi My Chinh & Viet Anh, 2008).

Customers that compare their expectations with the service that suppliers actually provided to determine the perceived quality of the services being offered (Bakar Siddique et al., n.d.). Moreover, the concept of service quality could be further broadened to include the entire evaluation of a particular service that comes from comparing that firm's performance with the customer's expectations for how businesses in that industry should operate (Muala, 2016). In the high involvement sectors especially banking services, perceived service quality play as a very crucial component. Quality is considered one of the three essential performance indicators for businesses, alongside cost and productivity. (Neupane, 2019). In the past, the level of technical support used to be the benchmark for measuring bank service excellence.

Instead of focusing on the broad studies on customer satisfaction in common retail service sectors, this research will focus further on the domestic retail banking industry and examine the effects of service quality on customer satisfaction in the domestic retail banking sector. In order to determine whether there is a correlation between service quality and customer satisfaction in domestic retail banking, a number of factors were taken into consideration, including the ability of bank employees to solve customers' problems, ability to provide prompt service and courtesy of banks' employee.

Electronic banking has, however, changed the nature of the customer relationship as the bank underwent a revolution. Nevertheless, the banking industry has undergone a revolution as electronic banking has changed the nature of interaction between banks and customer. Due to the great degree of standardisation in technical services, bank services could no longer solely rely on technical supports to differentiate themselves. Instead, personal supports are more crucial to outperform in the industry. As a result, it is essential to research the methods for monitoring and evaluating the service quality that financial institutions offer as they adjust to changes in the banking environment.

2.1.5 Customer Knowledge Management

Customer knowledge management is the ability of a business to acquire administration, real-time customer information transmission through products and services for improvement to customer response, and effective decision-making based on trustworthy information (Hasanzadeh et al., n.d.). Additionally, knowledge management refers to an organization's ability to use rational principals to make use of individual and group comprehension of facts and information in order to maximize customer value through the process of knowledge generation, developing, knowledge distribution, and use of information with involvement of precise technology (Sedighi et al., 2012). The progression where the ideas of techniques and knowledge management (KM) have been integrated to

improve an organization's knowledge management development and encourage the creation, diffusion, and application of customer knowledge, thereby assisting organisations in better understanding their customers and consistently providing enhanced services by continuously learning from them (Gibbert, 2002). Customer knowledge management is a continuous and bilateral process that involves processes and activities for the acquisition (capture, collection, creation), storage (conversion, coding, classification), sharing (dissemination, distribution, transfer), and use (utilisation, application, implementation, verification validation, testing) of customer knowledge, with the goal of generating value, innovation, exceed consumer's expectation and other benefits for both customers and organization in the long-term business relationship (Muniz et al., 2020).

Knowledge is therefore a crucial component in the financial system, but the client is another crucial element for success. The successful accomplishment of an organization's goals in the modern era of business operations is strongly correlated with customer satisfaction, and managers are therefore primarily concerned with this issue. Customer knowledge management helps a business obtain a competitive edge over its rivals by allowing it to better understand the customer and the factors that contribute to their satisfaction (Miskam et al., 2021). Besides, knowledge was defined as a 'fluid mix of framed experience, values, contextual information, and expert insight' that serves as a framework for evaluating and absorbing new experiences and information (Davenport & Klahr, 1998). With knowledge, businesses could better serve their consumers, improve their goods and services, and finally deliver solutions to their problems by merging scattered types of knowledge and lessons learnt from their prior experiences.

2.1.6 Confirmation

Confirmation can refer to the process of verifying or validating something. This can include, for example, confirming a purchase, a reservation, or a subscription. In the context of customer satisfaction, confirmation can be defined as the provision of timely and accurate information that reduces uncertainty and builds customer confidence (Stella et al., 2021). This can be accomplished in a variety of ways, such as sending order confirmation emails, sending regular updates on the status of a request or transaction, or providing tracking information for a purchase. Confirmation can also relate to how closely a product or service matches a customer's expectations. When customers receive a product or service that meets or surpasses their expectations, they are more likely to be satisfied and stay loyal to a company. (Islam et al., 2021).

In the banking industry, confirmation is a term used to describe the bank's capability to offer customers precise and prompt information., which helps to reduce uncertainty and build customer confidence (Rabaa'i & ALMaati, 2021). Confirmation plays a crucial role in customer satisfaction in the banking industry as it refers to the bank's ability to provide customers with accurate and timely information, which leads to customer satisfaction. Whereas customers who are unsure or confused about the products or services they have received from their bank may become frustrated and dissatisfied, which can lead to a decrease in loyalty or even a switch to a competitor.

In the banking industry, confirmation is achieved through a variety of methods, including timely account statements, receipts, online banking platforms, and customer service representatives who are knowledgeable and able to provide accurate information. Banks that prioritize confirmation as part of their customer service strategy are more likely to retain their customers and build long-term relationships with them (Susanto et al., 2016). Furthermore, confirmation can also enhance customer trust, which is an important

component of customer loyalty. When banks provide timely and accurate information to their customers, it helps to build trust, which is critical for establishing and maintaining customer loyalty. By focusing on confirmation, banks can improve customer satisfaction, increase customer trust, and ultimately increase customer loyalty.

To operationalize this variable in a research study, specific measures or indicators would need to be developed to assess the extent to which customers feel that they are receiving timely and accurate information from their bank. This might include measures such as customer perceptions of the accuracy and timeliness of account statements, the ease of accessing account information online, or the responsiveness of customer service representatives to inquiries or concerns.

2.1.7 Corporate Reputation

Due to the ambiguity and incompleteness of pre-purchase evaluations of service quality in the service industry, reputation plays a crucial role. A company's corporate reputation is deemed as a reflection of how its stakeholders perceive it, how they emotionally feel toward the business, knowledge gained from direct or indirect interactions with the organization, and the firm's previous deeds that affected the environment (Maden et al., 2012). Corporate reputation is thought to be a complex construct since different stakeholders have various perspective on corporate reputation. According to the Signaling Theory, a company's reputation makes use of its customers as an external signal to reduce information asymmetry, forecast the outcomes of the service production process, and is therefore the most reliable measure of its capacity to meet customer demands. (Heinberg et al., 2018). In simple terms, a company's reputation is the overall evaluation of its ability to provide positive results for a particular group of stakeholders. (C. J. Fombrun & Gardberg, 2000). According to (Ou et al., 2006), the company reputation has more stable, long-term, and collective assessment by public that can be identified by actions and achievements

of an organization. Reactions to products, services, company communications, contacts with company personnel, and publicly disclosed company activities are used to evaluate corporate reputations as a whole (Walsh & Beatty, 2007). Corporate reputation played an extremely crucial role in every industry regardless trading in products or services. It takes time for a firm to build a solid reputation, making it an intangible asset that is challenging for rivals to copy, and a company's reputation is positively correlated with its customers' trust (Keh & Xie, 2009).

The success of a corporation in the marketplace has been linked closely to corporate reputation. Corporate reputation is "the sum of impressions, beliefs, and feelings about a company held by its stakeholders" (C. Fombrun, 1990). The concept of reputation encompasses various aspects and reflects the extent to which stakeholders believe that a company is capable of fulfilling its commitments., sense of morality and social responsibility, and general level of product and service quality. (Stravinskiene et al., 2021). In summary, corporate reputation is a critical factor that affects a company's success in the marketplace. A positive corporate reputation can boost a company's competitive advantage by enhancing customer loyalty and increasing customer retention, whereas a bad corporate reputation can cause sales to drop, customers to leave, and market share to shrink (Ruiz et al., 2016).

2.2 Hypothesis Development

The objective of the research study is to identify the factors that impact customer loyalty in the domestic retail banking industry. The initial objective is to ascertain how consumer trust and satisfaction affect loyalty. Establishing the link between customer satisfaction and trust on customer loyalty will help retail banks understand how to improve customer loyalty. The second objective is to discover more about the variable that affect customer satisfaction which lead to loyalty. Examining factors including service quality,

customer knowledge management, and confirmation is one of the aims in this research. Retail banks may be able to enhance their customer satisfaction and services with the use of the findings from this objective, which could result in more loyal customers. The third objective is to examine how a company's reputation affects consumer trust, which in turn affects customer loyalty. This objective is crucial because it emphasises the influence of corporate reputation on customer loyalty in the domestic retail banking industry.

The overall goal of the research is to enhance the understanding of the variables that affect customer loyalty in the retail banking sec. This will enable retail banks to provide better services, which will boost customer loyalty.

2.2.1 Relationship Between Customer Satisfaction and Customer Loyalty

According to a study, there have been growing importance as many research done on customer loyalty along with relational marketing recently, especially in the service and manufacturing sector(Monferrer et al., 2019). By referring to (Darmawan et al., 2017), customer satisfaction was confirmed to have a strong beneficial impact on customer loyalty in the analysis of a model of customer loyalty in Indonesia retail banking sector. All businesses aim to establish a lasting relationship with their customers. Hence, customers' needs and desires must be acknowledged and fulfilled in order to keep them loyal. Customer pleasure follows the fulfilment of their needs and demands. In the way a firm operates, customer satisfaction is very important role in increasing loyalty(Sharma et al., n.d.).

According to (Yee et al., 2010), their research findings indicated a strong correlation and significant relationship between the two factors.: customer loyalty and satisfaction. Therefore, when customer satisfaction is high the customer loyalty is comparatively high.

Therefore, the first hypothesis is stated as below:

Hypothesis 1: There is a positive relationship between customer satisfaction and customer loyalty in domestic retail banking sector.

2.2.2 Relationship Between Customer trust and Customer Loyalty

The relationships between customer trust and its consequences on customer loyalty have been the subject of several studies. Most researchers are still confused by the results (Supriyanto et al., 2021), which address unpredictable factors that might affect the relationships between the research variables as well as the effects of service quality on customer loyalty and how other variables that are assumed to moderate each impact on customer satisfaction and customer loyalty. While refer to (Leninkumar, 2017) who examined the relationship between customer trust and customer loyalty, the research concluded that customer trust was found to be a contributing factor to customer loyalty. Consequently, an investigation was conducted by (Wahyudi & Ruswanti, 2021), which led to the following findings where customer loyalty increases as result of customer trust were developed among banks and customers. Furthermore, there is a significant finding concluded that customer trust had a positive impact on customer loyalty (Kumar Upamannyu & Gulati, 2015). Undeniably, long-term consumer loyalty is a result of customer trust where customer loyalty eventually creates positive and praiseworthy thoughts in the minds of customers (Sarwar et al, 2012).

Therefore, the second hypothesis is stated as below:

Hypothesis 2: There is a positive relationship between customer trust and customer loyalty in domestic retail banking sector.

2.2.3 Relationship Between Service Quality and Customer Satisfaction

Several studies have investigated and evaluated the relationship among expectation, service quality, and customer satisfaction. Customer satisfaction and service quality are proven to be significantly correlated (Supriyanto et al., 2021)

Customers are more satisfied with a greater perceived level or stage of service quality. Customers will become disappointed if the service quality is judged to be below what they had anticipated (Mulat, 2017). It was established in the study of loyalty conducted by (Darmawan et al., 2017) that the concept of service quality is known to have a positive influence on customer satisfaction. (Yee et al., 2010) also revealed that customer satisfaction is directly and significantly impacted by the quality of the services provided.

Referring to (Desiyanti et al., 2018), who investigated the connection among service quality and customer satisfaction, they concluded that service quality is a prerequisite for both expectations and satisfaction. Additionally, there is empirical research outcome on the positive relationship between customer satisfaction and service quality (Kasser Tee, 2018).

Therefore, the third hypothesis is stated below:

Hypothesis 3: There is a positive relationship between customer quality and customer satisfaction in domestic retail banking sector.

2.2.4 Relationship Between Customer Knowledge Management and Customer Satisfaction

Valuable knowledge is the crucial strategic resource for acquiring and expanding advantages for maintaining competitiveness in every industry. Strengthening the ability to produce and continue to obtain knowledge from customer gives an organization a competitive edge (Brito et al., 2020). Companies now a days aligning customer relationship management and knowledge management as they are realizing the critical role of knowledge management plays in delivering effective service for customer satisfaction. (Mehmood et al., 2017) claimed that knowledge management offers opportunities in the market and enables firms to get a competitive edge over rivals. A high customer satisfaction can only be achieved when knowledge management processes are connected with the offerings by allowing the firm to assess customer usefulness, customer satisfaction, and

customer feedback, and eventually respond to customer with effective offering and solutions which derived from the accurate customer information.

Knowledge management refers to the ability to handle consumer information in real time and use that knowledge to improve products and services in response to customer feedback and to make quicker decisions based on reliable information. The research of (Miskam et al., 2021) suggested that customer relationship management and knowledge management are significant factors that have a favorable impact on customer satisfaction.

Therefore, the fourth hypothesis is stated below:

Hypothesis 4: There is a positive relationship between customer knowledge management and customer satisfaction in domestic retail banking sector.

2.2.5 Relationship Between Confirmation and Customer Satisfaction

Confirmation is the extent to which the user's initial belief are verified by actual usage(Rabaa'i & ALMaati, 2021). An evaluation of the perceived service outcome following a specific consumer experience is what defined by the term 'service satisfaction'. "When comparing pre-consumption expectations with performance perceptions, the Expectation confirmation theory are based on some sort of comparison process to determine the satisfactory level of customers" (Wirtz & Bateson, 1999). The amount of expectation for service confirmation has an impact on satisfaction. Because it denotes the reality of the anticipated benefits of the service provided by the service provider, service confirmation is positively correlated with service satisfaction(Lin et al., 2009). Previous research has provided anecdotal evidence supporting the link between service confirmation and satisfaction. For example, online shoppers have reported being highly dissatisfied with the services provided by e-tailers after experiencing late deliveries, inaccurate billing, and non-availability of items listed on the e-tail website. (Bhattacharjee, 2001).

Customer satisfaction has been viewed as being measurable through confirmation. The expectation-confirmation theory states that satisfaction can be assessed by examining the gap between expectations and actual performance. Customers may become dissatisfied if this disconfirmation, or the negative gap occurs. In contrast, confirmation—a positive gap between perceived performance and expectations will generate customer satisfaction. (Oliver, 1999). The findings indicated that increased satisfaction is indicated by positive disconfirmation and confirmation (Chen et al., 2010). Disconfirmation has two aspects. The first one is the confirmation that actual performance lives up to consumer's expectations. Secondly, a negative disconfirmation is when actual performance falls short of the standard that was expected. Last but not least, it is considered as positive disconfirmation when actual performance exceeds standard of expectations. Earlier research has shown that customers' satisfaction based on their expectations and disconfirmation of the goods or services has a notable effect on their loyalty and repurchase intentions (Susanto et al., 2016). Disconfirmation is proven to have the biggest direct consequences on satisfaction. Perceived performance is incorporated into the expectation-confirmation theory as an antecedent of satisfaction, the relationship between expectations and perceived performance is then further made, which eventually affects disconfirmation. There are four fundamental constructs of the expectation-confirmation theory which are expectation-confirmation, perceived usefulness, satisfaction, and user continuation intention (Bhattacharjee, 2001). Perceived usefulness refers to how a user perceives the expected benefits of purchasing goods or services. Whereas the satisfaction is resulted from the post-purchase behaviour which directly affect customer loyalty and customer continuation intention to maintain the long-term business relationship with the company.

Therefore, the fifth hypothesis is stated below:

Hypothesis 5: There is a positive relationship between confirmation and customer satisfaction in domestic retail banking sector.

2.2.6 Relationship Between Corporate Reputation and Customer Trust

An empirical study of the relationship between company reputation and consumer trust proved a positive relationship between the two (Stravinskiene et al., 2021). Thus, consumer trust is affected differently by several company reputation characteristics. There are significant connections between the consumer trust criteria and these dimensions of corporate reputation where all the consumer trust criteria are explained in greater detail in several studies, and the connections between them and the dimensions of corporate reputation such as financial performance, products and services, workplace culture, and social responsibility are duly supported (Fatmawati & Fauzan, 2021). Based on previous research, the hypothesis was developed to determine the potential positive and significant relationship between corporate reputation and customer trust which ultimately led to a beneficial impact on customer loyalty. Loyalty and word-of-mouth are two factors in consumer behavior that are influenced by a company's reputation (Walsh & Beatty, 2007) which are deemed as critical for the expansion and success of the business. An undoubtedly significant asset that is challenging for rivals to copy is a company's reputation. A great reputation implies customer trust, which encourages customers to feel more connected, and greater stickiness to the business (Ruiz et al., 2016).

Furthermore, this research will pay more attention to the domestic retail banking industry and look more closely at how corporate reputation affects customer trust rather than concentrating on the general studies on customer trust in common retail service sectors. The study looked at a variety of factors, such as customers' perceptions on financial institutions, their confidence on the bank's products, and perspective on the bank's future, which ultimately affect their trust and loyalty to the bank. (Fatma et al., 2015) demonstrated

empirically that stakeholder trust in the organization illustrates the strength of company reputation and that corporate reputation positively affects consumer trust.

Therefore, the sixth hypothesis is stated below:

Hypothesis 6: There is a positive relationship between corporate reputation management and customer trust in domestic retail banking sector.

2.3 Underpinning theory

2.3.1 Service Quality Theory

This theory suggests that the satisfaction of customer is based on the service quality delivered by the company. Customers are more satisfied if they feel that the company is providing a high-quality service that meets their needs and exceeds their expectations, which in turn influences customer loyalty (Supriyanto et al., 2021).

The theory emphasizes that customers judge service quality based on five dimensions: reliability, assurance, tangibles, empathy, and responsiveness. Reliability defined as the ability of the service provider to provide the service consistently and accurately as promised. Assurance relates to the competence, professionalism, and courteousness of employees, and their ability to develop trust and confidence in customers. Tangibles are the physical evidence of the service, such as the appearance of the service provider and its facilities. Empathy is the level of caring and individualized attention that the service provider gives to its customers. Lastly, responsiveness in this context refers to the service provider's ability and willingness to promptly attend to customers' needs and effectively solve their problems.

In the context of this research, Service Quality Theory serve as an underpinning theory for signifying the variable where service quality provided by the bank (as perceived by the customer) is a key determinant of customer satisfaction, and ultimately impact the

customer loyalty. The study investigates how service quality affects customer satisfaction and loyalty in the retail banking sector.

2.3.2 Expectancy-confirmation Theory

This theory suggests that customers form expectations about a product or service before they use it, and their satisfaction is determined by the extent to which their expectations are met. According to the expectancy-confirmation theory, a customer's pleasure with a good or service is impacted by their expectations going in and how much of those expectations are met in reality. If their expectations are exceeded, they will be more satisfied, and if their expectations are not met, they will be less satisfied. If their expectations are not met at all, they will be very dissatisfied (Rabaa'i & ALMaati, 2021). Additionally, this theory suggests that the level of customer satisfaction can affect their future behavior towards the good or service offer by a company. The likelihood that a customer will develop a lasting relationship with a company and stay loyal to purchase it increases if their expectations are met or exceeded. In opposition, their expectations are not satisfied, they are more likely to switch to a different good or service.

In conclusion, maintaining customer satisfaction and loyalty depends heavily on managing customer expectations. Businesses must not only focus on striving customer expectation but also exceed customer them in order to ensure a great experience and boost customer loyalty. The underpinning theory signifies the connection between the confirmation variable and customer satisfaction which will be further examined in this study.

2.3.3 Relationship Marketing Theory

Relationship Marketing Theory suggests that building strong and lasting relationships with customers is essential for businesses to succeed. Customers are more likely to remain loyal if they feel that the company values them and is consistently committed to building a long-term relationship with them(Hersh et al., 2014).

Customer knowledge management, which involves gathering, analyzing, and using customer information to meet their needs, preferences, and behaviours, is one of the crucial components of Relationship Marketing Theory. This information can be used to develop customized products and services which enable the company to reduce the gap between organization and its customer and ultimately improve customer satisfaction and loyalty.

Relationship Marketing Theory proposes that customer knowledge management can play a significant role in enhancing customer satisfaction by addressing the specific needs and preferences of every unique individual. Businesses can modify their products and services to better satisfy the customer by using consumer information to understand their needs and preferences. Eventually, the customer's need will be duly fulfilled, and they will become loyal as the organization consistently put efforts in engaging with the customers.

Overall, Relationship Marketing Theory with customer knowledge management as an underpinning theory emphasizes the importance of developing strong relationships with customers through personalized offerings and excellent customer service and highlights the role of customer knowledge management in achieving this goal.

2.3.4 Social Identity Theory

This theory suggests that customer trust and customer loyalty are based on the degree to which a customer identifies with a company and its brand. If a customer feels a strong sense of identification with a company and its brand, they are more likely to trust and remain loyal to the company(He et al., 2012). Customer may feel a sense of pride and

loyalty towards a brand if they can relate to it and feel that the company is trustworthy and deserving of their confidence. Customers may consider a corporation trustworthy in the context of corporate reputation and trust if they believe it to possess positive social identity traits like honesty, competence, and reliability. Customers who have positive opinions of a company's reputation and trust may stay loyal to it.

Overall, Social Identity theory can be a useful underpinning theory for understanding the relationship between corporate reputation, trust, and customer loyalty. Financial institutions can better meet a favorable perception by developing their reputable brand and eventually build lasting relationships that drive long-term success.

2.4 Proposed Conceptual Framework

As the objective of this study is to investigate the impact of customer satisfaction and trust on loyalty. Moving on to investigate the independent variables that influencing customer satisfaction which consists of Service quality, Customer knowledge management and Confirmation. Lastly, is to examine the influence of corporate reputation on trust.

Loyalty was described as a firmly held commitment to regularly repurchase or use the same goods or services in the future, regardless of external factors such as situational influences and advertisements that can lead one to switch brands. In a study on the customer loyalty model in retail banking which conducted by (Beerli et al., 2004), found that high customer satisfaction eventually results in strong customer loyalty. An improvement in bank customer service quality helps attract and retain customer by increasing their loyalty(Vu, 2021) From the study from X results claimed that customer knowledge management with consistent and accurate information allows organization to provide effective solution which is the crucial attribute that positively affected to customer satisfaction. (Bhattacharjee, 2001) discovered that confirmation had a substantial positive impact on both product and service satisfaction, as well as on overall customer satisfaction.

In the world of business, relationships that are steady and cooperative are seen as having a strong foundation of trust. Researchers have found that establishing and keeping long-term relationships depended on trust which eventually led to customer loyalty (Keh & Xie, 2009). The various physical and behavioral attributes of a customer trust are linked to its corporate reputation. (Kumar Upamannyu & Gulati, 2015) suggested that the model of customer loyalty may be viewed to encompass value of company reputation.

Based on the literature review that emphasizes on the transferring process from customer satisfaction and customer trust to customer loyalty, this research aims to explore the influences of customer satisfaction, trust and lastly loyalty in domestic banking industry. A theoretical framework is developed to present the relationships among the customer satisfaction, trust, and loyalty variables with independent variables of service quality, customer knowledge management, confirmation, and corporate reputation.

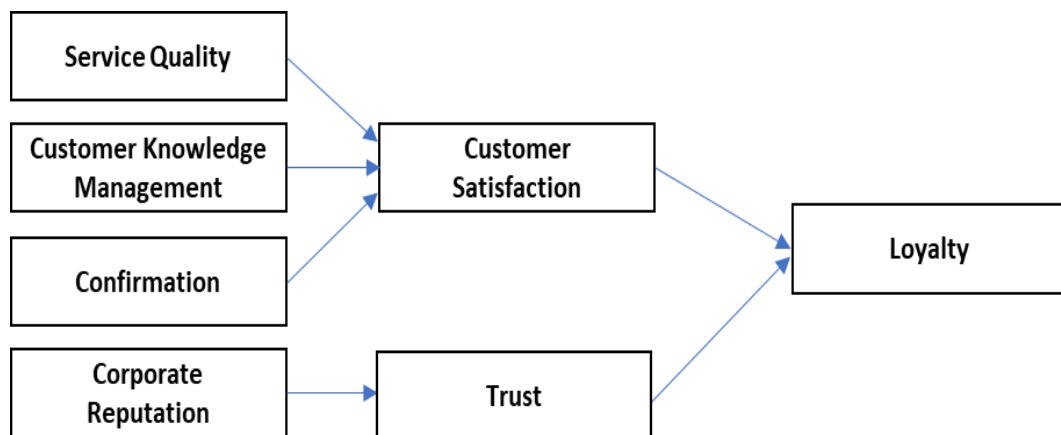


FIGURE 1.1 RESEARCH FRAMEWORK

2.5 Chapter Summary

The literature on the determinants of satisfaction and trust on customer loyalty in the retail banking industry highlights the importance of these variables for building long-term customer relationships. Research has shown that customer satisfaction and trust are key drivers of customer loyalty in the banking sector. Customers who are more satisfied with the quality of banking products and services and who trust the bank to provide reliable and secure services are more likely to remain loyal to the bank and to recommend it to others.

In addition to satisfaction and trust, other factors such as customer experience, service quality, and brand image also play important roles in building customer loyalty in the retail banking industry. For example, banks that provide a superior customer experience, personalized service, and convenient access to banking services are more likely to retain customers and enhance their loyalty.

The literature also highlights the importance of effective communication and transparency in building customer trust in the banking industry. Banks that are transparent in their dealings with customers, provide clear and accurate information, and demonstrate a commitment to customer satisfaction and security are more likely to build trust and enhance customer loyalty.

Overall, the literature suggests that the determinants of satisfaction and trust on customer loyalty in the retail banking industry are complex and multifaceted, and that a comprehensive understanding of these factors is essential for building and maintaining long-term customer relationships.

CHAPTER 3

RESEARCH METHODOLOGY

3.0 Introduction of the Chapter

This chapter discussed the methodological procedure implied to derive the results of the study. According to (Rashid et al., 2019), the methodology section of the research paper helps in initiating the investigation of the research paper in an appropriate manner. This is done by opting for the right methods to induce to get the results.

3.1 Research Philosophy

In research investigation, research philosophy is stated to be one of the crucial aspects. The three research philosophies, namely interpretivism, realism and positivism, are shown in the above research onion. Realism philosophy is used to gain a significant viewpoint as per the things that are already known or assumed. (Al-Ababneh, 2020) stated that the positivist philosophy is used for the determination of gathering quantitative facts about the research topic. Interpretivism is chosen to gain qualitative data from the research topic. In the present studies, researcher applied *positivist research philosophy* as research approach. Choosing positivism is justified because this helps in the collection of factual knowledge and is accumulated through extensive observation. Based on the rationale, this study collects data through quantitative measures, that is, through the survey method.



FIGURE 2.1: RESEARCH PHILOSOPHY

3.2 Research Design

Applying an appropriate research design helps the scholar to detect the existing issues. There are three kinds of research design. They are exploratory, explanatory, and descriptive research designs. (Casula et al., 2021) explained that exploratory research design is used when the researcher has just started to investigate a certain research topic in general terms. Explanatory research focuses on defining the reason behind some significant aspects of work in the manner that it is done. Descriptive research focuses on defining the research topic at hand. In this study, the *explanatory research design* has been applied. The researcher has chosen this particular research design because this aim has been created in order to define the causes and results of an appropriate problem.

3.3 Population and Sample

3.3.1 Target Population

The targeted population of the survey respondents will be individuals who are customers in different banks situated in the banking sector of Malaysia. The target will include both males and females. The age set of the customers that will be aimed at is stated to be below 24, 25-34, 35-44, 45-54 and above 55.

3.3.2 Sample Frame and Sampling Locations

The sampling frame is signified to be a frame that can be implied as a basis for sampling as this determines the chances of selecting a specific respondent. The sampling frame significantly stated to be elements of the population, that is, the respondents having a bank account in any of the banks situated in Malaysia. Thus, there is no specific sampling frame as survey feedbacks were basically collected from respondents around Klang Valley who maintained bank accounts.

As mentioned by (Wright et al., 2020), the sampling location is considered to be the actual place from where the environment sample has been collected. In this study, all respondents are residing in Klang Valley areas.

3.3.3 Sampling Elements

The respondents who are chosen for the study paper have only been considered if they belong to a customer of any of the stated banks in the survey form. Also, the respondent needs to be located in Malaysia. Further, the respondent needed to have an email account in order to respond to the survey prepared.

3.3.4 Sampling Techniques

The sampling techniques that have been chosen for the survey is the *purposive and convenience sampling techniques*.

Purposive sampling is a non-probability sampling strategy where the researcher chooses specific people or groups with particular criteria to be included in the study. This approach is employed when a researcher wants to investigate a certain community or group that reveals a particular set of characteristics (Guest et al., 2006). As in this study, purposive sampling allowed the researcher to focus on a particular group of interest which are

respondents who maintained bank accounts with different banks, and eventually result in more focused and pertinent outcomes.

Whereas convenience sampling is a non-probability sampling technique in which the researcher chooses individuals or groups based on their accessibility and availability. Researcher frequently employ this technique when they have limited time or money to devote to the study (Moser & Korstjens, 2018). Convenience sampling is advantageous for researcher in this study since it is simple to apply and helpful in preliminary or exploratory research.

3.3.5 Sample Size

The response of the respondents will be gathered online mode, that is, through email. The gender of the samples is both male and female. The age of the respondents will be stated below 25 to above 55. In this study, researcher aim to investigate the variables that affect customer loyalty in the Malaysian banking sector. To achieve this goal, we conducted a survey among those who maintained bank account with any of the Malaysian banks.

According to (Krejcie, 1970) recommendation, the minimal sample size for a study should be determined by the population's size and the required level of precision. The recommendation was based on the assumptions of a normal distribution, a 95% degree of confidence, and a 5% error margin. In this study, a sample size of 370 is advised for a population of 32 million (BANK NEGARA MALAYSIA, 2022), a 95% confidence interval, and a 5% margin of error. In other words, if the same sample were taken repeatedly, 95% of the time, the sample mean would be within plus or minus 5% of the population mean. Hence, the chosen sample size of 356 is representative of the intended population and has enough statistical power to produce conclusive and generalizable results.

Although the suggested sample size of 356 may appear tiny relative to the size of the population, statistical sampling theory suggests that it is adequate to obtain a reasonable level of accuracy and confidence in predicting population parameters. This sample size is also practical and feasible within the timeframe and resources of the study.

The survey will have a sample size of 356. The respondents of the survey will be provided with a survey form that will be sent to them through email accounts, social media, and various messaging platforms. The advantage of choosing this procedure is that the researcher will be capable of sending the survey forms to a huge number of respondents at the same time. The limitation lies in the decline in the reliability of data because the information in the email can be rapidly altered. Thus, the final sample size for the research was reduced to 315 respondents, as 25 samples were excluded due to response bias and 16 were removed as outliers prior to data analysis.

3.4 Instruments and Measurements

The measurement that has been used is the Likert Scale questions. These are basically close-ended questions and are also one of the most widely implied tools in the case of research. The questions formulated are basically statements, and a respondent then states the level they “strongly agree, agree, neutral, disagree and strongly disagree with the questions”. The researcher has used psychometric testing in order to measure the views, attitudes and judgement. The five-point Likert scale has opted for the type of psychometric response scale through which the responders signify their range of agreement to a specific statement generally in five points.

Construct	Operationalised Definition	No of items	Source
Service quality	Perception of customers on the level of excellence or superiority of service provided.	6	(A. Parasuraman, 1985)
Customer knowledge management	Organizational activities aimed at acquiring, sharing, and utilizing customer knowledge to enhance customer experience and firm performance.	5	(Jaworski & Kohli, 1993)
Confirmation	Extent to which expectations of customers are met or exceeded by the actual service received.	3	(Caruana, 2002)
Corporate reputation	Perception of stakeholders about a firm's character, actions, and achievements, which determines its credibility and goodwill.	6	(C. Fombrun, 1990)
Customer satisfaction	Extent to which customers' expectations and needs are fulfilled by a product or service provided by a company.	4	(Oliver, 1980)
Trust	Customers' willingness to rely on and believe in the credibility, integrity, and competence of a company or its representatives.	5	(Christine Moorman, 1993)
Loyalty	Measure of customers' willingness to repeatedly engage in business transactions with a company, demonstrated by their behaviours and attitudes towards the company	5	(Oliver, 1999)

3.5 Validity and Reliability

3.5.1 Validity

Validity was evaluated in this study to ascertain whether the measurements employed could truly reflect the value of the concepts put forward in the research hypothesis. Several different tests were run to assess validity, including face validity, criterion validity, construct validity, and content validity. For face validity test, the method suggests researcher to gather a group of participants for review of questionnaires and provide feedback on the survey whether it seem to be assessing what they are intended to measure in order to test the face validity of the tool. Thus, a group of people who consist of bankers and regular customer with knowledge of Malaysian retail banking are given the research questionnaire. The respondents will then be asked for their opinion on how well-written and pertinent the questionnaire's questions were in order to capture the right information from reader. Criterion tests ascertain whether the measurements utilised in the study were capable of reliably predicting the intended concepts accurately. This test basically looked at how well the measurements predicted what they were meant to measure.

The study's findings are consistent and accordance with currently used measures, which suggests that the study has criterion validity and that its assessments may reliably predict client loyalty in the retail banking sector. For the construct validity test, it may be necessary to perform a review of prior research on customer loyalty in the retail banking sector and identify recognised theoretical constructs pertaining to customer loyalty. To ascertain whether the constructions used in the study hypothesis align with established theoretical constructs, the test may also require discussion with subject-matter experts. In the research study uses questions to collect data, content validity is used to assess whether the questions accurately reflect the construct or concept being examined. In this paper,

researcher requested subject matter experts to rate on the relevance of questions whether the construct is being measured accurately and subsequently fine-tune accordingly.

3.5.2 Reliability

The consistency of data will be measured through Cronbach's Alpha test. Below table illustrate the value of Cronbach's alpha with the degree of reliability.

S. No.	Value of Cronbach's alpha	Degree of Reliability
1	$\alpha \leq 0$	A serious problem in the design of the questionnaire and the researcher should relook into the format of the questionnaire intended to use for the survey
2	$0 < \alpha < 0.5$	Low internal consistency and hence poor inter-relatedness between items. Should be discarded or revised.
3	$0.5 < \alpha < 0.7$	Moderate internal consistency and reliability of a given questionnaire. Can be revised
4	$\alpha = 0.7$	Adequate internal consistency and reliability of a given questionnaire
5	$0.7 < \alpha < 0.9$	High internal consistency and reliability in given questionnaire. Can be revised.
6	$0.9 < \alpha < 1.0$	Some questionnaire items may be redundant and the researcher has consider removing some items from the questionnaire that are repeated question in multiple ways.
7	$\alpha = 1.0$	Perfect internal consistency in a given questionnaire

TABLE 3.1: DEFINITION OF CRONBACH'S ALPHA TEST

3.6 Pre-Test and Pilot Test

3.6.1 Pre-Test

A focus group has been formed by respondents who are regular customers of the banks situated in Malaysia. Besides, three experienced bankers were also invited into to focus group in order to generate additional pertinent feedbacks. Throughout the pre-test process, the questionnaires used in this study were revised based on valuable insights and

feedback obtained from the focus group. Minor adjustment has been made such as additional description on the answers of questionnaires for respondent's better understanding in order to obtain accurate data from target respondents.

3.6.2 Pilot Test

46 samples have been chosen as the pilot test for getting results of Cronbach's Alpha test. During the pilot test, a reliability test was carried out to assess the relationships between the variables in the questionnaires. The table below shows that all of the Cronbach's Alpha values were greater than 0.8, indicating both a high degree of internal consistency and a strong correlation between the items. The pilot test results strongly suggest that the questions are assessing the same underlying construct.

Construct	Cronbach alpha
Service quality	0.939
Customer Knowledge Management	0.912
Confirmation	0.847
Customer Satisfaction	0.920
Corporate Reputation	0.858
Trust	0.942
Loyalty	0.944

TABLE 3.2: CRONBACH ALPHA (PILOT TEST)

3.7 Data Collection Procedure

A *primary quantitative data collection method* has been chosen to derive statistical data. Primary quantitative data collecting methods are any research methods that directly acquire fresh data from research participants, including surveys, experiments, and observational studies. Survey method with Google form has been distributed through various electronic messenger platforms such as WhatsApp, Telegrams, WeChat, emails, etc. Researcher also made adjustment by setting compulsory questions in the survey for avoiding missing data. The bank customers situated in Malaysia have only been chosen. Secondly, the survey forms have been sent to them through their personal social messenger

applications, social media and emails. In this manner, the researcher did not have to personally visit the respondents to collect survey data, especially because the total was 356. This states to be a huge number in case the survey was to be conducted by visiting each respondent in person.

3.8 Data Analysis

3.8.1 Data Screening

The process of screening data is looking over the gathered information to spot mistakes, inconsistencies, and missing numbers. It is a crucial stage in the data analysis process since it ensures that the data are of high quality and appropriate for analysis. Data screening is done to look for issues that could affect the validity and dependability of the study's conclusions.

3.8.2 Data Coding

Data coding is an important stage in the data analysis process which converts raw data into a format that can be easily analysed. Data coding is the process of classifying and giving numerical values to qualitative data in order to make it measurable and more easily accessible for statistical analysis. Several levels of measurement, including nominal, ordinal, and interval, can be used to code data.

Nominal data represents categories that unable to ranked, such as gender where they were codes using numbers to indicate various categories. Male and female, for instance, were categorised as 1 and 2, respectively, in this study on gender. Ordinal data represents categories that can be ranked or sorted, but the separation between each category is not constant. In this study, income level and occupation were classified using ordinal data.

Typically, scales like the Likert scale are used to measure interval data. As an illustration, attitudes can be measured using the Likert scale in this study, which offers response options from strongly disagree (1) to strongly agree (5). Data coding makes complex data more manageable, simpler, and easier to analyse. By ensuring that all data is coded consistently, it also lowers the possibility of errors during analysis. To guarantee that the analysis is accurate and informative, it is crucial to appropriately code the data.

3.8.3 Assessment of Outliers

Prior to beginning data analysis, the researcher carried out a screening procedure to find any univariate outliers in the survey feedback. The Z-score was used to quantify how much a data point departed from the distribution's mean. This procedure increased the accuracy of the data by detecting outliers and respondent biases, such as feedback that was noticeably different from other respondents', responses that were inconsistent with other respondents' responses, or responses that were the same for all questions. If the calculated respondents' data's Z-score falls within the range of ± 3 , it was deemed acceptable.

3.8.4 Normality

To determine if the data in a sample are drawn from a normal distribution, statistical methods called "normality tests" are utilised. The majority of values are grouped around the mean in normal distributions, which have a symmetric, bell-shaped curve, while only a small number of values are found at the extremes. Determining if the data are normally distributed is crucial for many statistical analyses because many tests and processes require it in order to draw acceptable statistical conclusions. The normality test has been initiated based on the "skewness and kurtosis test".

Measures of skewness and kurtosis are two popular approaches to testing for normality among the many available techniques. Positive skewness indicates a longer tail on the right side of the distribution, whereas negative skewness indicates a longer tail on the left. Skewness measures the asymmetry of the distribution. However, Kurtosis is a statistic for assessing how strongly peaked a distribution is, with a high value indicating a strong peak and a higher concentration of values in the tails. A common criterion for determining normality is a skewness value of ± 3 , with values outside of this range suggesting a non-normal distribution. One of a vital stage in data analysis is the normality test because if the data are not normally distributed, different statistical tests or data transformation methods may need to be used in order to produce reliable results. When determining normality, a kurtosis value of ± 7 is frequently used as the threshold, with values outside of this range denoting a non-normal distribution.

3.8.5 Linearity

The term "linearity" in research papers refers to the necessity of a linear relationship between two variables. This implies that the other variable grows (or shrinks) at a constant rate as one of the variables does. As correlation and linear regression analysis assume a linear connection between the variables being analysed, linearity is crucial to this analysis. Other analytical techniques can be better suitable if the relationship is non-linear. In this paper, researcher will assess linearity by graphically plotting the variables and visually studying the distribution of the data points using Jamovi software.

3.8.6 Multicollinearity

When there are strong correlations between two or more independent variables in a multiple regression model, this is referred to as multicollinearity. The model may have

issues due to the difficulty in identifying the specific effects of each independent variable on the dependent variable.

Calculating the Variance Inflation Factor (VIF) for each independent variable is one method for spotting multicollinearity. VIF calculates how much the correlation between that independent variable and the other independent variable in the model inflates the variance of the estimated regression coefficient.

A VIF number of less than 3 indicates little correlation, which is desirable, while a value of 1 to 10 indicates no multicollinearity symptoms. A VIF score of less than 10 is generally regarded as acceptable, but if the value more than 10 indicates the presence of multicollinearity and necessitates further investigation or the removal of the variables from the model.

3.9 Inferential data analysis

Researcher has chosen the Jamovi software to investigate the responses collected from the respondents. Through this software, the researcher has significantly calculated the correlation, regression, validity, reliability, and demographic analysis of the study.

3.10 Chapter Summary

The analysis of this chapter signifies that the researcher has chosen the primary quantitative data collection procedure in order to accumulate and signify the statistical information. Positivism research philosophy and explanatory research design have opted for the thesis. Further, the primary quantitative data collection method has been chosen to get the results of the research questions. Jamovi software has been induced as the instrument to examine the results of the survey.

CHAPTER 4

DATA ANALYSIS

4.0 Introduction

Chapter four presents statistical results of the study using Jamovi software. These include “validity, reliability, correlation, normality, regression and demographics of the respondents”.

4.1 Data collection process

The questionnaire was sent through the email, social messenger platforms of the bank's customer. This particular section will contain the evaluation of the data that has been gathered from the 356 respondents who have an account in the banks of Malaysia over a period of two months from December 2022 to January 2023.

4.2 Data Screening

4.2.1 Treatment of missing data

The survey is composed using Google Form, and all the questions were set as compulsory which respondents are unable to skip question in the survey form. Thus, there will be no missing data in this particular survey.

4.2.2 Detection of outliers

As mentioned in previous chapter for the detection of outliers, researcher performed computation for Z-score for total 356 respondents. Subsequently, data will be acceptable between the score of ± 3 . Therefore, total qualified responses were reduced to 315 respondents after deleted 25 response bias and 16 outliers based on the Z-score threshold value.

4.3 Demography of respondents

Gender	Frequency	Percent
Female	156	49.5
Male	159	50.5
Total	315	100.0

TABLE 4.1: RESPONDENTS GENDER

The table presents a demographic analysis of the study participants which categorized by gender. It reveals that a total of 315 participants took part in the survey, including 156 (49.5%) women and 159 (50.5%) men. The frequency counts for each gender category are added to represent the total number of participants in the bottom row. It is a helpful analysis in giving a summary of the sample's characteristics and classifying any gender-based differences that might be pertinent to the research topic.

	Frequency	Percent
Age 25-34	92	29.2
Age 35-44	108	34.3
Age 45-54	67	21.3
Age Above 55	29	9.2
Below 24	19	6.0
Total	315	100.0

TABLE 4.2: RESPONDENTS AGE

The table shows the frequency and percentage of participants in each age category, providing information on the age distribution of the study's participants. The majority of the 315 participants were fell between the ages of 25 and 44. In particular, 92 participants (29.2%) were between the ages of 25 and 34, 108 participants (34.3%) were between the

ages of 35 and 44 and. In addition, 19 participants (6.0%) were under the age of 24, 67 people (21.3%) were aged 45 to 54, and 29 participants (9.2%) were over 55.

	Frequency	Percent
Employed	176	55.9
Retired	20	6.3
Self-employed	93	29.5
Student	15	4.8
Unemployed	11	3.5
Total	315	100.0

TABLE 4.3: RESPONDENTS OCCUPATION

The respondents' employment status distribution is shown in the table above. Out of the 315 participants in the sample as a whole, it shows the frequency and participation rate for each category. According to the data, 176 people (55.9%) of the participants were in employment. Only 20 participants (6.3%) were retired, compared to 93 participants (29.5%) who were self-employed. There were also 11 unemployed people (3.5%) and 15 participants who were students (4.8%). With the help of the table, it is possible to comprehend the demographic details of the study participants and interpret the results by getting a thorough picture of their job position.

Income level	Frequency	Percent
Less than RM2500	50	15.9
More than RM 10,000	65	20.6
RM 5001 to RM 10, 000	136	43.2
RM2500 to RM5000	64	20.3
Total	315	100.0

TABLE 4.4: RESPONDENTS INCOME LEVEL

The table presents information on the distribution of 315 participants' incomes, showing the frequency and proportion of participants in each income category. The findings show that, out of a total of 136 participants, the largest group of participants (43.2%) reported earning between RM 5001 and RM 10,000. More than RM 10,000 was the second most often stated in income category, with 65 individuals (20.6%) claiming earning this

amount. In addition, only 50 participants (15.9%) reported earning less than RM 2500, while 64 participants (20.3%) said they made between RM 2500 and RM 5000.

	Frequency	Percent
AmBank	10	3.2
CIMB	44	14.0
Hong Leong	57	18.1
Maybank	49	15.6
Public Bank	136	43.2
RHB	19	6.0
Total	315	100.0

TABLE 4.5: NUMBER OF BANK USERS

The percentage of study participants who indicated using a certain bank is shown in the table along with the number of participants. 315 people participated in the study in total and with 136 participants, Public Bank was used by the majority of participants (43.2%). With 57 participants (18.1%), Hong Leong was the bank that was used the second most frequently. In addition, 44 (14.0%) people used CIMB, while 49 (15.6%) did so with Maybank. Only 10 individuals (3.2%) said they used AmBank, compared to 19 people (6.0%) who said they used RHB.

Length of time with the bank	Frequency	Percent
2 - 5 years	52	16.5
6 – 9 years	123	39.0
Less than 2 years	11	3.5
More than 10 years	129	41.0
Total	315	100.0

TABLE 4.6: LENGTH OF TIME WITH THE BANK

The table shows the length of time that the study respondents have been using their present bank. It displays the participation rates and percentages for each category. The majority (41.0%) of the 315 participants reported using their present bank for more than 10 years, which comprises 129 people. A total of 123 participants (or 39.0%) said they had been customers for 6 to 9 years in the present bank. Only 11 participants (3.5%) reported using their bank for fewer than two years, while 52 people (16.5%) said they had just used

it for between two and five years. Overall, 80% of the respondents are considered as loyal customer as they have been with their present bank for more than 5 years.

4.4 Data Analysis (Survey Results)

4.4.1 Reliability analysis of the Survey Results

Table shows the reliability test of the study based on 315 samples:

Construct	Cronbach alpha
Service quality	0.909
Customer Knowledge Management	0.891
Confirmation	0.804
Customer Satisfaction	0.868
Corporate Reputation	0.881
Trust	0.903
Loyalty	0.882

TABLE 4.7: RELIABILITY TEST OF SURVEY

As per the significant guidelines of the reliability test, it can be mentioned that the score of reliability after the analysis is supposed to be .70 and more is considered to be appropriate, above or exactly to be .80, and .90 it is considered to be better and highly reliability, respectively. The survey results significantly state the value to be above .80, which is already considered to be high internal consistent.

4.4.2 Descriptive statistics of the variables

The sample size of this study is 315, which suggests that a substantial sample was used in the investigation. The variable means in the descriptive analysis table are summarised in this statement. Table 4.8 shows that the mean scores for each variable range from 3.72 to 3.9, with the highest mean scores for Customer Satisfaction and Loyalty (3.90), Trust (3.87), Service Quality (3.86), Corporate Reputation (3.86), Confirmation (3.77), and lastly Customer Knowledge Management (3.77). The mean, which indicates the variable's average value, is a gauge of central tendency. A high mean score means that the respondents

gave the associated variable high ratings. In this instance, it implies that the respondents' perceptions of service quality, corporate reputation, and confirmation in the Malaysian retail banking sector are accompanied by relatively high levels of satisfaction, loyalty, and trust. Customer knowledge management had the lowest mean score, 3.72, which shows that respondents had a somewhat poorer perception of this attribute in the industry.

	SQ	CKM	Conf	CusSat	CorRep	Trust	CusLoyalty
N	315	315	315	315	315	315	315
Missing	0	0	0	0	0	0	0
Mean	3.86	3.72	3.77	3.90	3.86	3.87	3.90
Median	4.00	3.80	3.67	4.00	4.00	4.00	4.00
Standard deviation	0.696	0.702	0.690	0.666	0.590	0.678	0.638
Minimum	1.83	1.40	2.00	1.50	2.17	1.60	2.00
Maximum	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Skewness	-0.657	-0.725	-0.359	-0.581	-0.326	-0.581	-0.763
Std. error skewness	0.137	0.137	0.137	0.137	0.137	0.137	0.137
Kurtosis	-0.012	0.204	-0.502	-0.272	-0.490	-0.316	0.0825
Std. error kurtosis	0.274	0.274	0.274	0.274	0.274	0.274	0.274

TABLE 4.8: DESCRIPTIVES

4.5 Multivariate Assumption Test

4.5.1 Normality

Based on the computation by using Jamovi software, each variable's skewness value falls between -0.763 and -0.326, indicating a negative skew for all variables. Customer Knowledge Management (-0.725) and Customer Loyalty (-0.763) have the largest negative skew, whereas Confirmation has the least negative skew (-0.359). A common criterion for determining normality is a skewness value of ± 3 . The absolute values of the skewness in the study, however, are all less than 1, indicating that the skewness is not very apparent and that the distributions can be regarded as generally symmetrical. As a result, it is safe to assume that the data are normally distributed.

Kurtosis measures how peaked or flat a distribution is in relation to the normal distribution. A normal distribution is indicated by a kurtosis value of 0, while positive values denote a distribution that is more peaked and negative values denote a distribution that is flatter. The kurtosis values in this study range from -0.502 to 0.204 for all variables. Customer Knowledge Management has the highest kurtosis value, 0.204, which indicates a slightly peaked distribution, and Confirmation has the lowest kurtosis value, -0.502, which indicates a slightly flatter distribution. The distributions of the remaining variables are roughly normal since their kurtosis values are near to zero. The distributions of the variables appear to be roughly normal overall based on the kurtosis values, which all fall within the range of ± 7 . Therefore, it was ascertained that the data are normally distributed and pass the normality multivariate assumption test.

4.5.2 Linearity

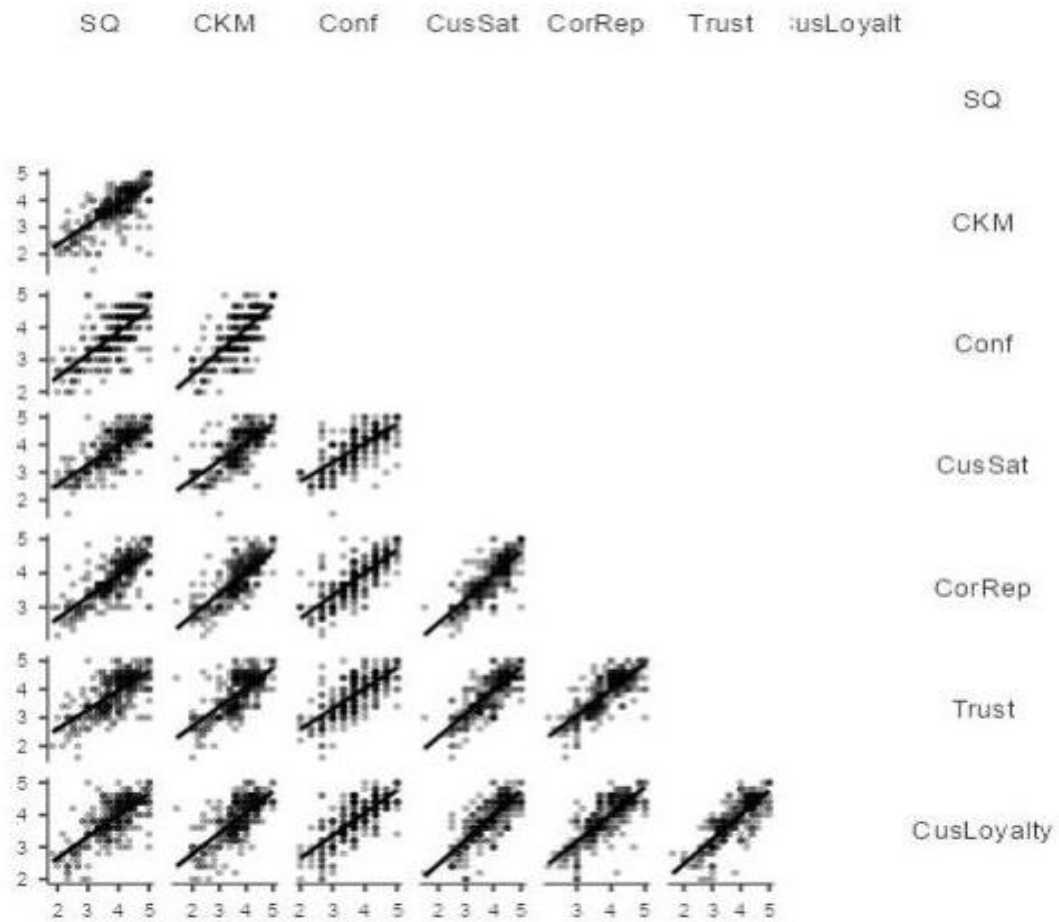


TABLE 4.9: SCATTER PLOT FOR LINEARITY

Linearity can be assessed by observing the scatter plot and the line of best fit, the points on the scatter plot will not follow a straight line if there is a nonlinear relationship between the two variables. Referring to figure 4.2, demonstrating the positive association between each variable.

4.5.3 Multicollinearity

Construct	Tolerance	VIF
Trust	0.353	2.83
Corporate Reputation	0.376	2.66
Customer Satisfaction	0.353	2.83
Service Quality	0.399	2.51
Customer Knowledge Management	0.371	2.70
Confirmation	0.394	2.54

TABLE 4.10: COLLINEARITY STATISTICS OF VARIABLES

The tolerance and variance inflation factor (VIF) scores for each independent variable have been computed by the researchers to evaluate the occurrence of collinearity issue. The tolerance scores in this study, which are higher than the suggested threshold value of 0.1, vary from 0.353 to 0.399, demonstrating that there is no serious collinearity problem among the independent variables. There is also no significant collinearity issue among the independent variables, as shown by the VIF scores, which range from 2.51 to 2.83 are below the suggested threshold value of 5. In summary, based on the VIF and tolerance scores, there is no significant collinearity issue among the variables included in the regression model.

4.6 Testing of Hypotheses

4.6.1 Pearson Correlation

Correlation Matrix

	SQ	CKM	Conf	CusSat	CorRep	Trust	CusLoyalty
SQ	-	-	-	-	-	-	-
CKM	0.732	-	-	-	-	-	-
Conf	0.712	0.736	-	-	-	-	-
CusSat	0.762	0.708	0.712	-	-	-	-
CorRep	0.758	0.765	0.782	0.79	-	-	-
Trust	0.700	0.709	0.733	0.804	0.791	-	-
CusLoyalty	0.729	0.713	0.761	0.790	0.778	0.809	-

TABLE 4.11: CORRELATION MATRIX

According to the correlation matrix of the study (TABLE 4.11), all of the variables in the study showed positive correlations with one another. The strongest connections are seen between customer satisfaction and corporate reputation ($r = 0.79$), trust and corporate reputation ($r = 0.791$), as well as customer loyalty and corporate reputation ($r = 0.809$). These strong positive correlations imply that when one variable rises, the other variable also likely to rise. The least substantial but still moderately positive relationship is between Corporate Reputation and Service Quality ($r = 0.758$), although it is still present. The overall results of the analysis show that the variables in the study have strong positive linear relationships and are all positively correlated with customer loyalty.

4.6.2 Multiple Regression

[1st regression Result]

Model	R	R ²
1	0.842	0.710

TABLE 4.12: MODEL FIT MEASURES

Predictor	Estimate	SE	t	p	Stand. Estimate	95% Confidence Interval	
						Lower	Upper
Intercept	0.636	0.12	5.3	<0.001			
Trust	0.464	0.0483	9.61	<0.001	0.493	0.392	0.594
CusSat	0.377	0.0491	7.66	<0.001	0.393	0.292	0.494

TABLE 4.13: MODEL COEFFICIENTS-CUST LOYALTY

Assumption Checks

	VIP	Tolerance
Trust	2.83	0.353
CusSat	2.83	0.353

TABLE 4.14: COLLINEARITY STATISTICS

The output shown is the result of a linear regression analysis that examine the correlation between customer loyalty and two predictor variables which are trust and customer satisfaction. The model fit measures are shown in the Table 4.12 output, where R shows the correlation coefficient between the predictors (trust and customer satisfaction) and the dependent variable (customer loyalty), and R-square shows the percentage of the variance in the dependent variable that is explained by the predictors. The correlation coefficient R is 0.842(see Figure 4.4), demonstrating a positive correlation between the variables. Moving on, the R-square value is 0.71 which showing that the predictor factors can explain 71% of the variance in customer loyalty.

As the Table 4.13 shown, Trust ($\beta = 0.493$, p-value < 0.001) and Customer Satisfaction ($\beta = 0.393$, p-value < 0.001) both have a statistically significant positive impact on customer loyalty in this study. As shown in the output, trust has a stronger relationship with Loyalty than Customer Satisfaction, with a standardised beta value of 0.493 for Trust and 0.393 for Customer Satisfaction. Whereas in the Table 4.14, the Variance Inflation Factor (VIF=2.83) and Tolerance values(0.353) of the predictor variables are both within an acceptable range (VIF 5, Tolerance > 0.2), the collinearity statistics in this scenario show that there is no multicollinearity between the predictor variables.

[2nd regression Result]

Model	R	R²
1	0.843	0.711

TABLE 4.15: MODEL FIT MEASURES

Predictor	Estimate	SE	t	p	Stand. Estimate	95% Confidence Interval	
						Lower	Upper
Intercept	0.140	0.1385	1.01	0.314			
CorRep	0.476	0.0571	8.33	<0.001	0.414	0.316	0.511
CusSat	0.486	0.0506	9.62	<0.001	0.477	0.380	0.575

TABLE 4.16: MODEL COEFFICIENTS-TRUST

Assumption Checks

	VIP	Tolerance
CorRep	2.66	0.376
CusSat	2.66	0.376

TABLE 4.17: COLLINEARITY STATISTICS

The output shown is the result of a linear regression analysis that examine the correlation between customer trust and two predictor variables which are corporate reputation and customer satisfaction. The model fit measures are shown in the Table 4.15, where R shows the correlation coefficient between the predictors (corporate reputation and customer satisfaction) and the dependent variable (customer trust), and R-square shows the percentage of the variance in the dependent variable that is explained by the predictors. The correlation coefficient R is 0.843, demonstrating a positive correlation between the variables. Moving on, the R-square value is 0.711 which showing that the predictor factors can explain 71.1% of the variance in customer loyalty.

In the Table 4.16, Corporate reputation ($\beta = 0.$, p-value < 0.001) and customer satisfaction ($\beta = 0.$, p-value < 0.001) both have a statistically significant positive impact on customer trust in this study. Next, the Table 4.17 shown that the Variance Inflation Factor (VIF=2.66) and Tolerance values(0.376) of the predictor variables are both within an acceptable range (VIF 5, Tolerance > 0.2), the collinearity statistics in this scenario show that there is no multicollinearity between the predictor variables.

[3rd regression Result]

Model	R	R²
1	0.809	0.654

TABLE 4.18: MODEL FIT MEASURES

Predictor	Estimate	SE	t	p	Stand. Estimate	95% Confidence Interval	
						Lower	Upper
Intercept	0.658	0.1356	4.85	<0.001			
CKM	0.195	0.0520	3.75	<0.001	0.205	0.0975	0.313
SQ	0.411	0.0505	8.15	<0.001	0.430	0.3261	0.534
Conf	0.246	0.0513	4.80	<0.001	0.255	0.1504	0.359

TABLE 4.19: MODEL COEFFICIENTS-CUSTOMER SATISFACTION

Assumption Checks

	VIP	Tolerance
CKM	2.70	0.371
SQ	2.51	0.399
Conf	2.54	0.394

TABLE 4.20: COLLINEARITY STATISTICS

According to tables above, the result of a linear regression analysis that examine the correlation between customer satisfaction and three predictor variables which are customer knowledge management, service quality and confirmation. The model fit measures are shown in Table 4.18, where R shows the correlation coefficient between the predictors (customer knowledge management, service quality and confirmation) and the dependent variable (customer satisfaction), and R-square shows the percentage of the variance in the dependent variable that is explained by the predictors. The correlation coefficient R is 0.809, demonstrating a positive correlation between the variables. Moving

on, the R-square value is 0.654 which showing that the predictor factors can explain 65.4% of the variance in customer loyalty.

As Table 4.19 showed, Customer knowledge management($\beta = 0.$, p-value < 0.001), service quality ($\beta = 0.$, p-value < 0.001) and confirmation($\beta = 0.$, p-value < 0.001) all have a statistically significant positive impact on customer satisfaction. The figure 4.6 also shown service quality has a strongest relationship with customer satisfaction compared to customer knowledge management and confirmation, with a standardised beta(β) value of 0.430 for service quality, 0.255 for confirmation and 0.205 for customer knowledge management. Lastly, Table 4.20 showed the Variance Inflation Factor and Tolerance values of the predictor variables are all within an acceptable range (VIF 5, Tolerance > 0.2), the collinearity statistics in this scenario show that there is no multicollinearity between the predictor variables.

4.7 Chapter Summary

Based on the usable data of 315 samples, the results showed that all variables were normally distributed, positive linear correlations between the variables. there was not much of a collinearity issue between the variables. The variables that strongly affect customer loyalty were further identified in the study using regression analysis. The findings also indicating customer satisfaction and trust were both very reliable indicators of customer loyalty. Trust, followed by Customer Satisfaction, was the best indicator of customer loyalty. Overall, the study's findings indicate that customer satisfaction and trust are important variables that affect loyalty in Malaysia's banking sector.

CHAPTER 5

Summary

5.0 Introduction

The purpose of the research was to determine the variables that affect customer loyalty in the Malaysian retail banking sector. Building on the discussions from the previous chapter, the following chapter will go into greater detail on the significant findings from this research. The implications of findings and limitations discovered from this research will also be discussed in this chapter. There will be few recommendations for overcoming these limitations and guiding for future study.

5.1 Demographic profile

Data for the study came from 315 Malaysian respondents, including 156 women and 159 males who deal with Malaysia retail banking industry. The majority of participants were aged 25 to 44; there were 108 participants in the 35 to 44 age group and 92 individuals in the 25 to 34 age group. Furthermore, most of respondents were from the working age group as 93 respondents were self-employed, 176 were working, and 20 were retired. Public Bank, followed by Hong Leong and CIMB, was the most frequently used bank, and the majority of participants made between RM 5001 and RM 10,000 per month. According to the study, customer satisfaction, service excellence, customer knowledge management, confirmation, trust, and corporate reputation were all strongly connected with customer loyalty. Customers were more likely to remain loyal if they were satisfied with their bank's services. Customers were also more likely to stick with a bank if they trusted them with excellent corporate reputation.

5.2 Descriptive analysis

With 315 replies, the study's sample size was substantial, and there were no missing values, indicating that the data was complete and available for analysis. The mean ratings for each variable ranged from 3.72 to 3.9, with the highest mean scores going to customer satisfaction and loyalty, trust, service quality, corporate reputation, and confirmation, and the lowest mean score going to customer knowledge management. The high mean ratings for Corporate Reputation, Customer Satisfaction, and Trust indicate that these factors are crucial in determining customer loyalty in the Malaysian retail banking sector. The median scores for each indicator ranged from 3.67 to 4, with customer satisfaction, corporate reputation, and trust having the highest median ratings. Confirmation's low median score may suggest that it might not be as important in measuring customer loyalty.

The standard deviation values for each variable ranged from 0.59 to 0.702, and Corporate Reputation had the lowest score, indicating that the respondents' evaluations were closely grouped around the mean. On the other hand, Customer Knowledge Management showed the largest standard deviation score, implying that respondents' assessments of this characteristic differed widely and pointing to a lack of consensus among respondents. Customer Knowledge Management's high standard deviation score shows that this variable's results were the most widely dispersed. This result might be due to the different demographic traits or life circumstances, various socioeconomic and educational backgrounds which could have distinct demands and preferences. For instance, younger or educational respondents can be more drawn to technological solutions, whilst elderly one might choose more conventional methods of contact such as face to face interaction. These different ways of approached might ultimately affect the effectiveness of Customer Knowledge Management as well as their perceptions on the banks' Customer Knowledge Management.

All of the study's variables had negative skewness values, which ranged from -0.763 to -0.326 and showed that the distributions were skewed to the left. The distributions of the variables appeared to be largely symmetrical because the absolute values of the skewness were all less than 1. Consequently, we may conclude that the data is accurate and free of substantial outliers that could skew the study's findings.

The distributions of the variables were mostly normal in shape, as seen by the kurtosis values of the variables, which ranged from -0.502 to 0.204. This implies that the data had no skewness or extreme outliers and was relatively normally distributed. Overall, the descriptive analysis shows that the distributions of the study's variables were symmetrical and fairly constant, which may imply that they are appropriate for use in statistical analysis.

Overall, the descriptive analysis provides a thorough summary of the statistical data for the variables under investigation and helps in understanding how respondents evaluate the Malaysian retail banking industry.

5.3 Discussion of Findings

Hypothesis	Relationship	Result
H1:	Customer Satisfaction → Customer Loyalty	Supported
H2:	Trust → Customer Loyalty	Supported
H3:	Service Quality → Customer Satisfaction	Supported
H4:	Customer Knowledge Management → Customer Satisfaction	Supported
H5:	Confirmation. → Customer Satisfaction	Supported
H6:	Corporate Reputation → Trust	Supported

TABLE 5.1: SUMMARY OF HYPOTHESIS TESTING

The first hypothesis (H1), which stated that customer satisfaction is positively related to customer loyalty, was supported. This finding indicates that customers who are satisfied with the services provided by their bank are more likely to be loyal to that bank. This finding is consistent with the research findings of Wahyudi and Endang Ruswanti, which confirmed that satisfied customers are more likely to remain loyal to their preferable banks (W. & Ruswanti, 2021). Another study by (Osman et al., 2015), found that customer satisfaction was a significant predictor of customer loyalty in the banking industry which is also align with the result of current study. This consistency provides further support to the importance of customer satisfaction in the banking sector and the role it plays in fostering customer loyalty. Customers who are satisfied with a bank's services are more likely to stick with it because of customers will tend to have repetition of favourable experience. Customers are more likely to continue utilising a bank's services when they are happy with the ones they receive since they develop a sense of trust and dependability for the institution.

The second hypothesis, which proposed that trust is positively related to customer loyalty, was also supported. This finding implies that customers who trust their bank are more likely to remain loyal to it. The finding is aligned with the research outcome conducted Leninkumar V, who found there is a significant positive relationship between customer trust and customer loyalty (Leninkumar, 2017). Customers who trust their bank

are more likely to believe that the bank can fulfil its commitments and deliver high-quality services. This trust is developed over time through positive interactions with the bank, including prompt and accurate transactions, helpful customer service, and a dedication to openness and ethical conduct of employees. When customers trust their bank, they are more likely to remain loyal even in the face of challenges or difficulties.

The third hypothesis, which suggested that service quality is positively related to customer satisfaction, was supported in the analysis part. This result indicates that providing high-quality services can lead to greater customer satisfaction which is also supported in the study conducted by Johanna Pangeiko Nautwima, and Asa Romeo Asa. The study signified a positive relationship between quality service and customer satisfaction in the banking sector(Pangeiko Nautwima & Romeo Asa, 2022). Customers are more likely to be satisfied with an experience when they believe that a service provider has offered high-quality service. High service quality can also increase a service's perceived value, which can increase customer satisfaction. Customers may believe that a bank is providing good value for money if it provides quick and efficient service (high quality) that meets or exceeds their expectations.

The fourth hypothesis suggested that customer satisfaction is favourably correlated with customer knowledge management. This finding suggests that effective management of customer knowledge can enhance customer satisfaction. The finding is also consistent with research outcome conducted by Adeel Mehmood and Muhammad Yousaf Zain U Abedin where there is positive relationship between customer knowledge management and customer satisfaction (Mehmood et al., 2017). In essence, customer knowledge management help the bank in gaining insights that can help it better comprehend and serve customers' demands. When properly implemented, customer knowledge management can increase customer satisfaction by enabling businesses to tailor their goods and services to

meet the unique requirements of their clients. As a result of the company's continual collection of consumer's input on their past interactions and present preferences, it will be easier for bank to meet customers' future expectations. As a result, the customer will feel like their preferences are being taken into consideration and the bank is making an continuous effort to suit their needs, which will eventually boost customer satisfaction.

The fifth hypothesis, which proposed that confirmation is positively related to customer satisfaction. This finding indicates that customers who have their expectations met by their bank are more likely to be satisfied with the bank. The finding is consistent with the research outcome done by Chieh-Peng Lin, Yuan Hui Tsai, Chou-Kang Chiu where confirmation is positively related to customer satisfaction (Lin et al., 2009). Confirmation is an essential component of service quality that enables clients to assess whether the service delivered fulfils or does not match their expectations. Customers are more likely to be satisfied with the service when they are informed that the service they received was of good quality and matched their expectations. Basically, the confirmation process involved asking for feedback from the consumer in order to assess whether the customer's expectations were met or exceeded, and to address any problems that may have encountered during the service interaction.

Finally, the sixth hypothesis was also supported in data analysis, which proposed that corporate reputation is positively related to trust. This finding suggests that a good corporate reputation can enhance customers' trust in their bank which aligned with the research outcome conducted by Jurgita Stravinskiene, Migle Matuleviciene, Rimante Hopeniene (Stravinskiene et al., 2021). The bank's credibility and reliability are demonstrated by its corporate reputation, which can inspire customers to trust and have faith in the company's capacity to provide high-quality goods or services. Also, a solid reputation can convey that a business respects its customers and is dedicated in providing

top-notch customer support. Subsequently, customers may trust the bank and feel more secure that the bank will meet their demands.

5.4 Implications of Findings

5.4.1 Theoretical implications

The findings of this study contribute to the expansion and enhancement of current literature limitations by providing a better understanding of the existing knowledge base and generating new insights or guidance for future research. By doing so, it also helps to increase the study's credibility and demonstrate its importance to the academic community.

This study shows that service quality, customer knowledge management, confirmation, and corporate reputation should be taken into account as significant antecedents to fostering customer loyalty in the retail banking sector. This study extends the existing literature on expectancy-confirmation theory by integrating theories such as service quality theory, and relationship marketing theory to better explain how service quality, customer knowledge management, and confirmation influence customer satisfaction, which leads to loyalty. Besides, social identity theory was also integrated into the model to explain impact of corporate reputation on trust, which later influence the loyalty along with customer satisfaction. The findings also emphasise the significance of successfully customer knowledge management and confirmation, as well as upholding a positive reputation, in order to improve customer satisfaction and boost customer trust, which eventually leads to improve customer loyalty.

5.4.2 Practical Implications

According to the findings, it suggests that customer satisfaction and trust has direct impact on customer loyalty. As showed in the research outcome, customer satisfaction is affected by service quality, customer knowledge management and confirmation, whereas customer trust is affected by corporate reputation. Thus, Malaysian banks can demonstrate

their commitment to customer satisfaction and build a customer trust, which can boost customer loyalty in order to gain competitive advantage in the market.

In practical terms, this basically suggest that banks should concentrate on offering their customers high-quality services for high customer satisfaction, as doing so can promote loyalty and long-term relationship. For instance, banks can establish training programmes for their staff members to improve their customer service and communication abilities, which would increase customer satisfaction. By placing a high priority on customer satisfaction, banks can also gain from favourable word-of-mouth advertising that can draw in new clients and improve their reputation. In order to discover areas for improvement and implement the required changes to ensure that customers' requirements are addressed, banks should regularly monitor and measure customer satisfaction levels.

The next practical implication of the finding that customer knowledge management positively impacts customer satisfaction is that banks should prioritize this aspect in their operations. Banks should invest in programmes that support consumer education and empowerment, such as giving customers individualised guidance and providing clear and straightforward information about their products and services. This includes offering customer access to all pertinent information regarding their accounts, transactions, fees, and other services, as well as accurate information. The timely resolution for customer complaints and any other issues or issues that customer raised should also be a prioritized by banks and solved as soon as possible.

Besides, the practical implication of the finding that confirmation is a crucial element in boosting customer satisfaction is that banks should prioritise giving their customer up-to-date, correct information to lower uncertainty and improve confidence. Banks can be accomplished by making investments in efficient communication channels, such as regularly updating on transactions, sending notifications for balance changes, and

reacting quickly to consumer inquiries. In order to give consumers accurate information and service, banks need make sure that their staff is properly trained. This can help in lowering errors and false information, which can cause customer disappointment and mistrust.

Furthermore, the finding that corporate reputation directly affects trust and customer loyalty has the practical implication that banks should place a high priority on establishing and keeping a solid corporate reputation. This can be accomplished through upholding moral and ethical standards in business, such as giving customer honest and accurate information, treating workers fairly, and supporting social and environmental problems through corporate social responsibility. Also, banks should routinely check their reputation through customer feedback, surveys, and internet reviews and take corrective action as needed. Banks can promote consumer trust by investing in establishing a solid corporate reputation, which may then result in more loyal customers and effective word-of-mouth advertising.

Overall, practical implications are important for research because they help to situate the study within a broader context, validate the study's findings, and provide guidance for future research and real-world applications.

5.5 Limitations of study

The geographical limitation of this study relates to the fact that data was only gathered from Malaysian retail bank customer (Klang Valley). Because of this, it may be difficult to generalise the study's findings to other nations or regions with distinct cultural, economic, or social backgrounds. This is simply because other nations and areas have distinct consumer behaviours, attitudes, and preference whereby the findings of this study could not be applicable to them. For instance, rural customers may require more assistance

services and have different expectations from their banks compared with urban customers. Besides, customers in other nations might place a different focus on certain elements when choosing which banks to stay loyal to or may have different degrees of trust in their institutions based on different criteria.

5.6 Suggestion for future research

Future studies could carry out comparable research to better understanding customer loyalty between rural and urban customers with a larger sample size and respondents from other geographic regions.

Secondly, adding extra variables will provide for a more thorough understanding where future studies should examine additional elements including pricing, convenience, accessibility, and product innovation that could affect consumer loyalty. This is because customers are likely to be more loyal to a bank that offers competitive interest rates, low fees, and other cost-saving benefits. Besides, customers appreciate the convenience of being able to conduct their banking transactions at any time and from anywhere. Next, accessibility is also critical as customers want to be able to access their banking services easily and quickly. Banks may be able to create more effective loyalty programmes if they have a deeper comprehension of the factors that influence customer loyalty.

Last but not least, future study could validate or triangulate the self-reported data gathered from surveys using additional data gathering methods, including interviews or focus groups.

5.7 Conclusion

In conclusion, this research aimed to examine the determinants of customer loyalty in the retail banking industry of Malaysia. The findings of this study suggest that service quality, customer knowledge management, and confirmation have a positive impact on customer satisfaction. Besides, the study also signifies that corporate reputation has a positive impact on customer trust and ultimate these two variables (customer satisfaction & trust) will lead to the positive impact on customer loyalty in Malaysian retail banking sector. Banks should focus on enhancing customer satisfaction, building trust with customers, prioritizing customer knowledge management, providing timely and accurate information to reduce uncertainty, investing in building a strong corporate reputation, and continuously improving their products and services based on customer feedback to increase customer loyalty. However, this study is not without limitations, such as the geographical limitations, and the focus on only six variables. Future research should aim to add new variables and conduct studies in other countries or regions with different cultural, economic, or social backgrounds to provide a more comprehensive understanding of customer loyalty in the retail banking industry. Overall, this study contributes to the existing literature on customer loyalty and provides practical implications for banks to enhance customer loyalty in the retail banking industry.

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Appendices

SURVEY QUESTIONNAIRE

DETERMINANTS OF CUSTOMERS' LOYALTY: AN EMPIRICAL STUDY OF MALAYSIAN RETAIL BANKING INDUSTRY

Dear respondents,

I am postgraduate student of Master of Business Administration from the Faculty of Business and Finance of Universiti Tunku Abdul Rahman (UTAR). Currently doing my final year project, entitled "DETERMINANTS OF CUSTOMERS' LOYALTY: AN EMPIRICAL STUDY OF MALAYSIAN RETAIL BANKING INDUSTRY". I would like to invite you to participate in this research by completing this questionnaire.

This study aims to identify the factors contributing to customer loyalty in domestic retail banking sector. The first objective of this study is to determine the impact of customer satisfaction and trust on loyalty. The second objective is to investigate the factors influencing customer satisfaction. Lastly, it attempts to examine the impact of corporate reputation on trust.

This questionnaire consists of Two (2) sections :-

Section A: Demographic Background

Section B: Level of agreement/disagreement with each statement

This questionnaire will take approximately 5-10 minutes to complete.

You are reminded that your participation for this survey is voluntary. Please be informed that the details provided for this survey is strictly confidential and only grouped data will be presented. Your participation in this survey is truly appreciated.

If you have any inquiries, please do not hesitate to reach me:

weelearn@1utar.my

Best Regards

William Tan Wey Lian

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*Required

Section A: Demographic Background

This section is about your personal details. Please read each of the following question carefully and tick (✓) only one of the answers below.

1. 1. What is your gender? *

Mark only one oval.

Male

Female

2. 2. What is your age? *

Mark only one oval.

Below 24

25-34

35-44

45-54

Above 55

3. 3. What is your occupation status? *

Mark only one oval.

Employed

Self-employed

Unemployed

Student

Retired

4. 4. Educational Qualification *

Mark only one oval.

- No formal education
- Secondary/Foundation/Diploma
- Undergraduate (Bachelor's/Associate Degrees)
- Postgraduate (Master's Degree/ PhD)

5. 5. What is your income level? *

Mark only one oval.

- Less than RM2500
- RM2500 to RM5000
- RM 5001 to RM 10, 000
- More than RM 10,000

6. 6. Which one is the main bank you frequently used/visited? *

Mark only one oval.

- Maybank
- CIMB
- Hong Leong
- RHB
- AmBank
- Public Bank

7. 7. In regard to your response to question 6 , How long you have been using this bank? *

Mark only one oval.

- Less than 2 year
 2 - 5 years
 6 – 9 years
 More than 10 year

8. 8. Do you have any other bank account besides your main bank? *

Mark only one oval.

- Yes, please proceed to question 9.
 No, please proceed to question 10.

9. 9. Which financial institution do you have additional accounts or products with?

Tick all that apply.

- Maybank
 CIMB
 Hong Leong
 RHB
 AmBank
 Public Bank
 Other: _____

10. 10. How many banks' product/service have you been using? (Multiple choice) *

Tick all that apply.

- Deposit
- Credit
- Fund transfer
- Cash management
- Trade finance

11. 11. Which product do you frequently use? *

Tick all that apply.

- Deposit
- Credit
- Fund transfer
- Cash management
- Trade finance

12. 12. How frequent do you visit the bank for banking transaction? *

Mark only one oval.

- 1 to 3 times per week
- 1 to 3 times per month
- 1 to 3 times in half yearly
- 1 to 3 times per year

13. 13. Do you make any online banking with the bank? *

Mark only one oval.

- Yes, please proceed to question 14
- No, please proceed to questions in Section B

14. 14. How frequent do you make online transaction within a month?

Mark only one oval.

Less than 3 times

3 to 6 times

More than 6 times

Section B

INSTRUCTION: Please tick ONLY one answer to indicate your level of agreement or disagreement with the statements. Kindly answer all the questions in this section based on the most frequent bank you patronize as indicated in **Q6 Section A**.

1- Strongly Disagree (SD)

2- Disagree (D)

3- Neutral (N)

4- Agree (A)

5- Strongly Agree (SA)

Service Quality *

	1	2	3	4	5
The employees at the bank provide me promptly service.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The behaviour of bank employees develops customer's confidence and demonstrate courtesy toward customers.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The bank employees always provide right service without referring to other patties or wasting my time.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
When I have problem, the banks employees show a sincere interest in resolving it.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am confident in my bank transactions since the bank always provide the best solution for me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



The bank employees always understand my specific needs.



Customer Knowledge Management *

	1	2	3	4	5
The bank collects customer feedback on the quality of service provided.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
On a regular basis, the bank questions consumers about the services they require.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Customers' suggestions/ideas are used by the bank to influence the development of novel and innovative services.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The bank is continually educating the public about innovative and new customers services.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The bank provides websites as platform for customer to obtain information (e.g., investment tips, FD rates, currency conversion rates, etc.) to make better decisions and resolve banking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



difficulties.

Confirmation *

	1	2	3	4	5
My experience with retail banking was better than what I expected	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The various features and products of retail banking were better than what I expected	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Overall, most of my expectations towards the retail banking were confirmed.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



Customer Satisfaction *

	1	2	3	4	5
I am pleased to be associated with the bank.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am happy to do transaction with the bank.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel good on my decision to do business with the bank.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Overall, the bank is able to satisfy my wants and needs.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



Corporate Reputation *

	1	2	3	4	5
The bank has a clear vision for the future	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I admire and respect the bank	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The bank develops innovative products and services.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Overall, the bank has a good reputation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The bank is well managed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The bank offers high quality products and services.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



Trust *

	1	2	3	4	5
I believe that the bank is concerned about my interest	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel that the bank is trustworthy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have confidence in the bank's products and services.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel the bank has the ability to meet my expectation by providing high quality products and services.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The bank's representative/employee is trustworthy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



Customer Loyalty *

	1	2	3	4	5
I will say positive things about the bank to other people.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I will recommend the bank to my family and friends.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I encourage my family and friends to do transactions with the bank	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In the future, I consider the bank to be my first choice for banking purposes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In the next few years, I will use the bank more frequently	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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