



Factors Affecting Customer Loyalty in Banking Sector of Hyderabad, Pakistan: A Study on Conventional and Islamic Banking

Zuhaib Khokhar^{1*}, Iqra Laghari¹ and Muhammad Qasim Lakhani¹

¹*Department of Management Sciences, SZABIST Hyderabad Campus, Pakistan.*

Authors' contributions

This work was carried out in collaboration among all authors. Author ZK designed the study, performed the statistical analysis, wrote the protocol and wrote the first draft of the manuscript. Author ZK managed the analyses of the study. Authors ZK, IL and MQL managed the literature searches. All authors read and approved the final manuscript.

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ABSTRACT

Customers are the prime means for any company or an organization to be successful. Customer loyalty plays a very crucial role in the success of an organization. This research is based on identifying the factors that affect the loyalty of customers in Conventional and Islamic Banking. A sample of 200 respondents were selected which further classified into Conventional and Islamic Banking. There were 143 respondents of conventional banking (including 80 male and 63 female), whereas Islamic banking includes 57 respondents in which male and female accounts for 37 and 20 respectively. The data was collected using Convenience Random Sampling Technique and then transacted into software known as IBM SPSS Statistics version 21. Major four (4) tests were done such as Factor Loading (Confirmative Factor Analysis: CFA), Reliability (Cronbach's Alpha), t-Test and finally Linear Regression Analysis. There are two (2) variables such as Independent Variables and Dependent Variable. Independent Variables include service quality, customer satisfaction, customer trust, and brand image. Dependent Variable includes only customer loyalty. The data was collected using questionnaire as an instrument for collecting data; the questionnaire

*Corresponding author: Email: zhokhar1995@hotmail.com;

contains both closed-ended and open-ended questions. There are five (5) construct in the study and each possesses five (5) items and open-ended questions contain three (3) questions. Data was analyzed using the SPSS software. The results show that there is positive significant relationship of service quality, customer satisfaction, customer trust, and brand image on customer loyalty of both conventional and Islamic banking. Based on findings, it was recommended to prohibit interest (Riba) from banking sectors whether they are conventional or Islamic, there is a need to train employees to behave properly with their customers, and time incurred in transactions should be improved and counters should be increased because of rush of people in banks.

Keywords: *Islamic banking; conventional banking; customer loyalty; customer satisfaction; service quality; customer trust; brand image.*

ABBREVIATIONS

AMOS : *Analysis of Moment Structure*
BKT : *Banka Kombetare Tregtare*
CFA : *Confirmative Factor Analysis*
IBM : *International Business Machine*
MS : *Microsoft*
PLS : *Partial Least Square*
SEM : *Structural Equation Model*
SPSS : *Statistical Package for the Social Sciences*

1. INTRODUCTION

According to Osman et al. [1], loyalty is a commitment of any being towards a product or service to be stick to it regardless of the number of alternatives. The most important factors affecting customer loyalty are customer satisfaction, service quality, customer trust, and brand image. These factors are interrelated to each other. Customers feel satisfied when they perceive value in return of the price paid for the purchase of the item. However, customer satisfaction does not always leads to customer loyalty. When a customer purchases the product, it may lead to three of responses: customer dissatisfaction, customer satisfaction or customer delight. The customers feel dissatisfied if the product does not meet their expectations or even results in the worst consequences. The customers feel satisfied if the product meets their expectations or set of standards, that means the customer receives product or service of greater quality but a satisfied customer not necessarily always becomes loyal to the brand. And the customers feel delight when the product results in something unexpected or undesired but positive outcome and builds strong relationship between the service provider and the customer; which ultimately influences customers to be loyal to the brand. The delight phase develops trust of the customer with the brand

when the customer is satisfied with the purchase or usage of the service and the risk associated with the purchase is mitigated or eliminated [2].

1.1 Service Quality and Customer Satisfaction

There are many factors contributing to customer loyalty. In the era of globalization, it has been very challenging for the service industries to achieve high customer satisfaction. To overcome the complications of this task, companies have begun to enhance their service quality [3]. Service quality is one of the main factors that helps an organization to build and sustain competitive advantage. Therefore, service quality is strategic component to drive competitive advantage and highly contributes to business profitability. Many firms utilize this approach to attract and retain their customers. Shedding light on the impact of service quality on customer loyalty, hence, service quality of an organization can be identified through customer satisfaction and customer loyalty can be measured by customer satisfaction. Therefore, it is critical for banks to analyze the relationship between service quality and customer satisfaction. Advancement in technology helps service industries to upgrade their services resulting in greater service quality. As if for banks, it helps to upgrade its computer systems such as ATM, Visa card, online and mobile banking services. It is indicated that customers are loyal to the firms or services, which have greater value compared to other similar products by the competitors offering. Thus, if banks provide better services than its competitors provide and are one-step ahead of them, they can earn a high margin profit in the market. To this significance, every bank should focus on the quality of service they offer and work to enhance it as to satisfy its clients and retain customer loyalty [4].

1.2 Customer Trust

Trust is another important factor contributing to customer loyalty. When one individual trusts another, he/she intends to build a positive relationship with the other individual. Similarly, when a customer builds a trust to a bank or any business, the customer holds a will to form a positive relationship toward the business with purchase intentions. When a bank or any service industry provide services in a way that builds customers' trust on the service provider, the risk is reduced mainly perceived by about the services or service provider and enables customer to be satisfied and be confident about the future purchases because of the trusted dealing. Customer's trust on the firm influences its loyalty with the firm by affecting customer perception of risk associated with the purchases, which significantly affect customer satisfaction, builds trust and encourages customer loyalty [5].

1.3 Brand Image

Due to globalization and extensive growth of Information Technology (IT), customers retain more and more knowledge and have improved information about the products, services and brands available. The consumers have wide information available to know the products and compare them but they also have so many alternatives in their evoked set to choose from that they rarely care about using one particular product or showing continuity to one particular brand. The increased competition and worldwide availability of different banks have made consumers indecisive to what to choose, as there are infinite services with wide variety available such as low pricing or high pricing, service quality, brand value and distinct features of the services. Therefore, the service industries are perturbed that current clients have less propensity to buy their brand and if the purchase occurs, they are to be less devoted to the brand. As a result, the banks have to differentiate their offerings and stand out among its competitors in the marketplace. This is where it is important for the banks to focus on its brand image; it helps firms to differentiate its services than its competitors by creating a distinctive image in the mind of the consumers about the brand. In a way, brand image can have an influence on the purchase actions of the customers to be repetitive, satisfy the customers and ultimately result in customer or brand loyalty [5].

1.4 Customer Loyalty

Customer loyalty is an important factor to banks and service industries because customers are valuable to any company and they can have a significant impact on a company's profit than unit costs, scale, market share or any other factors associated with firm's competitive advantage. Banks that are operating privately tend to eliminate or reduce the barriers that customers can go through and that in return will build a strong relationship with customers. Ultimately, which will results to customer loyalty. In the era of competition, every bank is willing to provide the competitive services to distinguish themselves from other rivals. Therefore, the level of loyalty is used to measure the relationship of customer with the bank [2].

1.5 Research Gap

This research primarily focuses on customer loyalty in banking sector of Islamic and conventional banking only in the city of Hyderabad, Pakistan. It has been also observed that no such study is done in Pakistan that encounters both Conventional and Islamic banking simultaneously. For this purpose, variables namely; service quality, customer satisfaction, customer trust, brand image and customer loyalty have been adopted.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1 Service Quality and Customer Loyalty

Rasheed et al. [5] shed light on the examination of the behaviors by respondents that can affect the loyalty in banking sector of Bahawalpur (Pakistan). They divided objective into two facets first one was to determine the relationship of service quality and customer satisfaction with that of customer loyalty and second facet illustrates that what factor is most influenced by loyalty. They decided to select convenience non-probability sampling from a sample size of 496 respondents and they followed self-administered method of questionnaire. The gathered data was then tested in SPSS 17 using regression analysis. The study provides the results that satisfaction, trust, and quality of service has a positive impact on loyalty. They further clarified; the most important factor causing a greater loyalty is satisfaction of a customer.

Ali et al. [6] argued about the factors affecting customer loyalty in banking sector of Pakistan. The objective of the study was to evaluate the significance impact of different factors on loyalty and for that, they developed a conceptual framework where trust of a customer, quality of services and reputation of bank, and loyalty were the prime factors. The research was based on empirical research and they selected the sample size of 645 respondents who were mainly the customers of bank. They divided banks into three categories namely foreign bank, public bank, and private bank. The findings showed that there is a significant positive relationship of trust, service quality and reputation with the customer loyalty and these three independent constructs are positively correlated with the dependent variable known as loyalty. They analyzed that private banks in Pakistan have a good image among all three types of banks mentioned as above. They also stated that comparing foreign banks with public banks and private banks, high percentage of people believe that foreign banks have a better service quality compared to other two forms of banks such as private or public banks. This research met the expectations and all the hypotheses were accepted.

Hafeez and Muhammad [7] study on the banking sector of Pakistan where the purpose is to examine the impact of loyalty programs, customer satisfaction and the quality of service on customer's loyalty. For primary research, they designed questionnaire to collect the data using survey. The respondent population was 331 customers who were currently holding bank accounts in one or more different banks. The findings of the research revealed all the factors tested such as loyalty programs, customer satisfaction and the quality of the service are significantly important. These factors can lead to customer loyalty or can be increased so the banks should not neglect the importance of these factors and must focus to provide quality service and drive loyalty programs to influence their customers to be loyal. The study indicates that banks should keep on providing these services to their valued customers and should seek to make further improvements in the quality of services to attract and gain more customers to be satisfied and become loyal.

Zafar et al. [8] aim to discover the influence of banking services on the satisfaction of customers and a significant impact of satisfaction on loyalty in the terms of relationship among service provider (banks) and customer. For primary data,

500 questionnaires were distributed among which validity of 192 respondents was obtained by convenience sampling method. For data analysis, SPSS software and AMOS were used. The findings show there exists a positive relationship between customer satisfaction and all the variables in a construct of service quality such as competence conflict, tangibility and reliability. Further, it revealed there is a positively significant link between customer satisfaction and customer loyalty that whenever a customer is satisfied, that satisfaction leads to loyalty of the customer to the bank.

Kumar and Krishnan [9] conducted research on the impacts of quality of service in Primary Agriculture Bank of India on loyalty. Considering this, they formulated constructs namely Service Quality which includes tangibility, responsiveness, reliability, empathy, and assurance and customer loyalty. 415 customers of Primary Agriculture Co-operative Bank were selected from Thanjavur District, Tamil Nadu. They used three techniques for analysis purpose and the techniques are descriptive statistics, correlation, and regression analysis. Analysis of the data concluded that quality of service has a positive attitude towards the loyalty of a customer and endingly they recommended that it is necessary for bank to enhance the quality of services.

H₁: There is a significant relationship of Service Quality on Customer Loyalty in Conventional Banking.

H₂: There is a significant relationship of Service Quality on Customer Loyalty in Islamic Banking.

2.2 Customer Satisfaction and Customer Loyalty

Mohsan et al. [10] performed research on the impact of customer satisfaction on customer loyalty and intentions switch for which they collected evidences from banking sector of Pakistan. For the purpose of study, customer satisfaction, customer loyalty and customer intentions to switch the brand were taken as constructs. The sample size included 120 customers who had their account in banks. For data analysis, the SPSS 16 software and MS Excel were used. Findings revealed that there was a positive correlation between customer satisfaction and customer loyalty whereas; there was a negative correlation between customer satisfaction and customer intentions to switch.

Asfar et al. [11], they did research on the determinants of customer loyalty. Their research was done in Pakistan and their objective was to highlight the characteristics that could affect directly on customer loyalty. They developed switching cost, perceived quality, trust, loyalty, customer satisfaction and commitment and were considered as independent variables whereas dependent variable includes only loyalty. They conducted primary research for collecting data from 316 respondents and they adopted questionnaire named as self-employed questionnaire. A questionnaire is consisted of 42 questions and the research was quantitative in nature. Results were interpreted via SPSS software. They found that trust and satisfaction has positive relationship with the loyalty. If the satisfaction is increased, commitment will increase and if trust is increased then commitment will increase.

Shanka [12] aims at measuring the service quality and its impact on customer satisfaction and loyalty in the private banking sector of Ethiopia. In addition, it also aims to study the relationship between these variables. To measure the service quality, a five-dimension model was used such as empathy, reliability, responsiveness, tangibility and assurance. For data collection, administrated questionnaire for survey and convenient sample method is used. The total respondents were 260 who holed an account in the bank in Hawassa city of Ethiopia. The questionnaire contained 22 items, which also had items based on five-dimension model to measure respondents' perception of the quality of services offered by their respective bank. For data analysis, multiple and correlation method were used to interpret the relationship among the factors. Based on the two techniques applied, the first regression test exhibits that there exists a positive relationship between the offered quality of the service and customer satisfaction. Concluding the results of dimensions of service quality, it is proved that service responsiveness and empathy have a significant positive influence on customer satisfaction as compared to the rest three dimensions i.e. reliability, tangibility and assurance of the bank. The second correlation test reveal that there exists a positive correlation between the service quality and customer satisfaction. Moreover, it also revealed that if the banks offer great quality service, it would lead to an increase in customer satisfaction, which further leads to commitment and customer loyalty.

Siddiqi [13], this study aimed at finding the interrelation between customer satisfactions, attributes of service quality and customer loyalty for which the study was focused to retail banking in Bangladesh. For data collection process, a survey was taken from 100 customers of retail banking who had their account holdings in distinct banks of Bangladesh. Findings revealed all the variables are positively interrelated to each other. There is a positive interrelation between service quality attributes and customer satisfaction and once the customer is satisfied, there exists a positive relation between customer satisfaction and customer loyalty.

Koksal and Dema [3] emphasized to find main factors that could cause impact on the loyalty of customers in banking sector of Albanian. Independent variables are security, loyalty, service satisfaction, reliability and staff in the banks and dependent variable is customers' loyalty. They distributed the questionnaires of 410-sample site. They followed face to face method to collect the required data among the customers of Banka Kombetare Tregtare (BKT) Later on, they were verified with the help of SPSS 18 and AMOS and confirmative factor analysis (CFA) was done to check the results. It was therefore found; relationship and staff constructs are directly affecting the loyalty of a customer. They suggested that in order to increase satisfaction and loyalty of any customer, first consider the factors that have an influence on loyalty.

H₃: There is a significant relationship of Customer Satisfaction on Customer Loyalty in Conventional Banking.

H₄: There is a significant relationship of Customer Satisfaction on Customer Loyalty in Islamic Banking.

2.3 Customer Trust and Customer Loyalty

Alnaser et al. [14], the purpose of this study was to determine the role of key determinants of customer loyalty in Palestine. For this, bank image, the quality of the services and customer satisfaction to determine their impact on customer loyalty. This research was limited to Islamic banks. For data collection, quota-sampling technique is applied and structured questionnaires were distributed to the target population. The targeted respondents were the current customers of any Islamic bank who had an account with the bank. For data analysis,

Confirmatory Factor Analysis (CFA) is used. As this study is focused to determine the variables that had a relationship with loyalty: the study finds that bank image is created or perceived by the customer upon the treatment he/she receives by the bank which normally affects customer satisfaction. Moreover, that satisfaction ultimately has a significant influence on loyalty and making any recommendations to family and friends for a particular bank. It further revealed that the level of satisfaction is determined by response or the service quality the customer experienced in a bank. It concludes, if the quality of the services is up to the expectations of the customer or even exceeds it, the customer creates a positive image and will ultimately become loyal and will highly recommend the bank to his/her circle.

Salarzahi and Rahmaninejad [2] argued on the factors affecting loyalty in banking sector particularly private banks in Iran. The factors include satisfaction, trust, commitment, and mental (image) whereas and their relationship on loyalty. The population of research was the customers of private banks and data was gathered through questionnaires, which further analyzed in Statistical Package for the Social Sciences (SPSS). They calculated the reliability (Cronbach's Alpha) and it came to be 92 percent. The study found that customer satisfaction, image, commitment, and trust are all positively related to loyalty of a customer.

Pasha and Waleed [15] discussed about factors that influence loyalty of a customer in banking sector of Punjab, Pakistan. Objective of study was to identify the factors that have an influential impact on customer loyalty. Therefore, they developed a conceptual models consisted of brand trust, service quality, customer satisfaction, and perceived value and customer loyalty. It was a descriptive study and data was collected using 5-point Likert scale questionnaire. Questionnaires handed over to the customers of bank in Punjab. Three techniques were used for this study, first reliability was checked with the help of Cronbach's Alpha, second was correlation and last one was regression analysis. On the basis of these instruments, it was then concluded that independent variables such as perceived quality, satisfaction of a customer, trust, and perceived value of customers have a significant impact on dependent variable namely loyalty of customer.

H₅: There is a significant relationship of Customer Trust on Customer Loyalty in Conventional Banking.

H₆: There is a significant relationship of Customer Trust on Customer Loyalty in Islamic Banking.

2.4 Brand Image and Customer Loyalty

Hallowell [16], the objective of this study was to determine and understand the relationship of profitability to the customer-related outcomes. It also focuses on the relationship of customer satisfaction and loyalty. For data collection, only customer satisfaction survey was conducted and it were collected from 12,000 respondents who were customers of retail banks from 59 divisions which included banks of geographic business units and had multiple branches of banks operation within it. The population sample represented 73% of households who had an account with the bank. The totality of the survey was at divisional level. The survey has questions to measure the level of satisfaction in which different aspects were included such as demographic information and the price and service received by the bank. For this, random sampling method was used i.e. customers were selected randomly. For data analysis, OLS regression was applied to interpret the relationship and validity of formulated hypotheses. The results suggest that there exists a relationship between customer satisfaction and retention that if a customer is satisfied, he/she can be retained by the banks and there exists a relationship between retention and firm's profitability. However, there also exists a significant relationship between a satisfied customer and loyalty of the customer and a loyal customer becomes profitable for the financial institution.

Ndubisi [17] aims at examining the significant role of relationship marketing which consisted of four constructs (conflict handling, commitment, trust and communication) in determining customer loyalty in Malaysia. For data collection, a questionnaire was developed which filled by 220 respondents who were current customers in a particular city of Malaysia named as Kota Kinabalu. This city had 20 banks operating within it but only 15 of them accepted to be a part of this survey and the respondents held an account within any of these banks. For data analysis, they used multiple regression method to determine the impact of four constructs on the loyalty of a customer. The findings revealed there exists a positive relation of all these four variables on customer loyalty and have a significant impact on influencing customer

loyalty. Further, it stated that these construct variables are all inter linked to one another.

Akhter et al. [18], their prime objective of the study was to analyze important factors and their significant effects on customer loyalty in Pakistan. Conceptual model was developed by them have total five constructs including trustworthiness, relationship of a customer, image of a product, satisfaction of a customer, and loyalty of a customer. They selected a sample size consisted of total 150 respondents and they were disseminated among 150 people. Data was collected through questionnaire, which includes 14 questions. It was further interpreted through SPSS. 66 percent of male and 34 percent of female responded the survey. They concluded that loyalty of a customer is the main reason behind the success and sustainable growth of an organization.

Osman et al. [1] put light on the relationship of different components such as quality of service, satisfaction of customer and image of bank on customer loyalty of banking sector in Malaysia. Their objective was to analyze the relationship among the factors. They chose sample size of 830 customers of Klang Valley. They adopted 5 points Likert scale ranging from strongly agree (1) to strongly disagree (5). They used structural equation model (SEM) to measure the relationship and later was tested by partial least square (PLS). Data was collected from 512 questionnaires. Findings show that the above-mentioned independent variables have positive relationship on the loyalty of customers.

H₇: There is a significant relationship of Brand Image on Customer Loyalty in Conventional Banking.

H₈: There is a significant relationship of Brand Image on Customer Loyalty in Islamic Banking.

3. RESEARCH METHODOLOGY

This is a primary research and data was collected using convenience sampling of non-probability sampling technique in the city of Hyderabad, Pakistan. The respondents were included those who have bank accounts in a bank (Islamic or Conventional). A questionnaire containing both Closed-Ended and Open-Ended was developed and distributed among 200 respondents. Sample size was selected 250 as per Roscoe (1975) using formula i.e. number of items in questionnaire *10 (28*10 = 280) but 80 responses were not entertained because of missing entries, wrongly entered data, returned questionnaire without filling. So only 200 samples were implemented on IBM SPSS version 21 for tests. Questionnaire was further divided into conventional banking and Islamic banking. 143 respondents belong to conventional banking in which 80 were male and 63 were female. 57 respondents were of Islamic banking in which male and female accounted for 37 and 20 respectively. There are two (2) variables in a framework named as Independent and Dependent Variables. Independent Variables have four (4) constructs and they are: Service Quality, Customer Satisfaction, Customer Trust, and Brand Image. Dependent Variable has only one (1) construct and it is Customer Loyalty. The questionnaire contains two sections; first section includes basic questions related to demographics (Categorical) whereas second section includes questions related to constructs of framework. Second section of questionnaire is further divided into two (2) components namely Closed-Ended

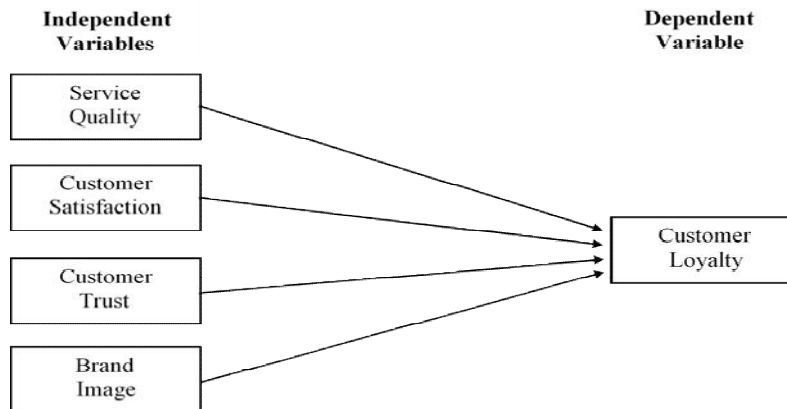


Fig. 1. The figure showing schematic diagram of theoretical framework

Table 1. Constructs, items and sources

Constructs	Items	Sources
Service Quality	<ul style="list-style-type: none"> • Service of my bank is reliable. • The location of my bank is near to my office and home. • The environment and infrastructure of bank is pleasant. • Operations of my bank meet my expectations. • My bank staff is humble and cooperative. 	[13,5,9]
Customer Satisfaction	<ul style="list-style-type: none"> • I am satisfied with my decision to select this bank. • My bank gives services that meet my needs and expectations. • I am happy with the services provided by my bank. • My bank handles my queries efficiently and effectively. • My bank provides what they promise. 	[5,10,16]
Customer Trust	<ul style="list-style-type: none"> • My bank is trustworthy. • This bank keeps my information under strict confidentiality. • This bank is reliable and I can rely on it. • My bank is transparent and honest. • My assets are in safe custody. 	[5]
Brand Image	<ul style="list-style-type: none"> • My bank is reputable and well-established. • My bank's perception in the mind of people is good. • The bank name is well-known. • My bank provides me services better than other banks. • I can easily recall the symbol or logo of my bank. 	[2]
Customer Loyalty	<ul style="list-style-type: none"> • I will say good and positive things to others about my bank. • I would suggest others and my friends to use this bank. • I will always consider my bank as a first choice. • I will continue to use services of my bank. • My bank fulfills my requirements. 	[3,5,10]

and Open-Ended Questions where closed-ended includes twenty-five (25) questions and open-ended includes only three (3) questions.

3.1 Theoretical Framework

Theoretical framework has been adopted by the authors of this research from the mentioned citations.

3.2 Constructs, Items and Sources

Table 1 shows the constructs and their items along-with the references being adopted.

4. RESULTS AND DISCUSSION

4.1 Demographic Study

Table 2 shows the number of respondents being entertained in a study as a ratio of male and

female out to total 200 sample size with regard to usage of conventional and Islamic banking by both of them in which 143 were of conventional banking (Male = 80, Female = 63) and 57 were of Islamic banking (Male = 37, Female = 20).

4.2 Factor Loading (Confirmative Factor Analysis)

Confirmative factor analysis was implemented to test the constructs. Table 3 shows that Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy of all the constructs is greater than .60 and Sig. level of all the constructs is less than .05. The KMO of service quality [in Conventional Banking = .748 (74.8%) and in Islamic Banking = .837 (83.7%)], customer satisfaction [in Conventional Banking = .831 (83.1%) and in Islamic Banking = .763 (76.3%)], customer trust

[in Conventional Banking = .833 (83.3%) and in Islamic Banking = .848 (84.8%)], brand image [in Conventional Banking = .767 (76.7%) and in Islamic Banking = .842 (84.2%)] and customer loyalty [in Conventional Banking = .876 (87.6%) and in Islamic Banking = .846 (84.6%)] respectively. Hence it can be said that all constructs such as service quality, customer satisfaction, customer trust, brand image and customer loyalty are significant. Now other tests

can be done as the factor loading test of all the variables came significant.

4.3 Cronbach’s Alpha (Reliability) Test

In Table 4 of reliability, it can be witnessed that the Cronbach’s Alpha of all constructs of both conventional and Islamic banking is greater than .60. Hence all the constructs are reliable.

Table 2. Usage of conventional and Islamic banking

	Conventional banking		Islamic banking	
	Frequency	Percent	Frequency	Percent
Male	80	55.94%	37	64.91%
Female	63	44.06%	20	35.09%
Sub Total	143		57	
Sample Size	200			

Source: Calculated via SPSS version 21 by the authors of this study

Table 3. Confirmative factor analysis of variables

Constructs	Conventional banking		Islamic banking	
	KMO	Sig.	KMO	Sig.
Service Quality	.748	.000	.837	.000
Customer Satisfaction	.831	.000	.763	.000
Customer Trust	.833	.000	.848	.000
Brand Image	.767	.000	.842	.000
Customer Loyalty	.876	.000	.846	.000

Source: Calculated via SPSS version 21 by the authors of this study

Table 4. Reliability test

Constructs	Conventional banking		Islamic banking	
	Cronbach’s Alpha	Items	Cronbach’s Alpha	Items
Service Quality	.698	5	.838	5
Customer Satisfaction	.825	5	.858	5
Customer Trust	.847	5	.896	5
Brand Image	.779	5	.819	5
Customer Loyalty	.886	5	.872	5

Source: Calculated via SPSS version 21 by the authors of this study

Table 5. Results of the t test

Constructs	Conventional banking		Sig.	Islamic banking		Sig.		
	Mean	T		Mean	t			
	Male	Female	Male	Female				
Service Quality	3.4350	3.7270	-2.378	.054	3.6324	3.5100	.562	.392
Customer Satisfaction	3.4850	3.8476	-2.810	.076	3.4703	3.6800	-.833	.959
Customer Trust	3.6725	4.0444	-3.025	.356	3.7081	3.6600	.179	.765
Brand Image	3.8100	3.9492	-1.200	.877	3.4595	3.7600	-1.396	.224
Customer Loyalty	3.4425	3.8698	-3.006	.002	3.4432	3.4500	-.027	.700

Source: Calculated via SPSS version 21 by the authors of this study

4.4 t Test

In Table 5 of t Test, all the constructs except customer loyalty in conventional banking t values are less than 1.96 and level of significant is .05 therefore, it is rejected, meaning there is no difference between the respondents. However, in customer loyalty of conventional banking, t value is -3.006 and level of significance is .002 which is less than .05, it means that there exist a difference of opinions between the respondents on the basis of customer loyalty in conventional banking.

4.5 Regression Analysis

In Table 6 of Regression Analysis of Service Quality and Customer Loyalty of Conventional Banking states that the correlation between Customer Loyalty and Service Quality is .732 (73.2%) and Service Quality accounts for .532 (53.2%) of the variation in Customer Loyalty. Beta is .732. t value is 12.749 which is greater than 1.96 and Sig. is .000 which is less than .05 so the hypothesis: "There is a significant relationship of Service Quality on Customer Loyalty in Conventional Banking" is accepted. In Regression Analysis of Service Quality and Customer Loyalty of Islamic Banking states that the correlation between Customer Loyalty and Service Quality is .802 (80.2%) and Service Quality accounts for .643 (64.3%) of the variation in Customer Loyalty. Beta is .802. t value is 9.949 which is greater than 1.96 and Sig. is .000 which is less than .05 so the hypothesis: "There is a significant relationship of Service Quality on Customer Loyalty in Islamic Banking" is accepted.

In Table 6 of Regression Analysis of Customer Satisfaction and Customer Loyalty of Conventional Banking states that the correlation between Customer Loyalty and Customer Satisfaction is .774 (77.4%) and Customer Satisfaction accounts for .600 (60.0%) of the variation in Customer Loyalty. Beta is .774. t value is 14.534 which is greater than 1.96 and Sig. is .000 which is less than .05 so the hypothesis: "There is a significant relationship of Customer Satisfaction on Customer Loyalty in Conventional Banking" is accepted. In Regression Analysis of Customer Satisfaction and Customer Loyalty of Islamic Banking states that the correlation between Customer Loyalty and Customer Satisfaction is .862 (86.2%) and Customer Satisfaction accounts for .743 (74.3%) of the variation in Customer Loyalty. Beta is .862. t value is 12.605 which is

greater than 1.96 and Sig. is .000 which is less than .05 so the hypothesis: "There is a significant relationship of Customer Satisfaction on Customer Loyalty in Islamic Banking" is accepted.

In Table 6 of Regression Analysis of Customer Trust and Customer Loyalty of Conventional Banking states that the correlation between Customer Loyalty and Customer Trust is .713 (71.3%) and Customer Trust accounts for .509 (50.9%) of the variation in Customer Loyalty. Beta is .713. t value is 12.082 which is greater than 1.96 and Sig. is .000 which is less than .05 so the hypothesis: "There is a significant relationship of Customer Trust on Customer Loyalty in Conventional Banking" is accepted. In Regression Analysis of Customer Trust and Customer Loyalty of Islamic Banking states that the correlation between Customer Loyalty and Customer Trust is .869 (86.9%) and Customer Trust accounts for .756 (75.6%) of the variation in Customer Loyalty. Beta is .869. t value is 13.052 which is greater than 1.96 and Sig. is .000 which is less than .05 so the hypothesis: "There is a significant relationship of Customer Trust on Customer Loyalty in Islamic Banking" is accepted.

In Table 6 of Regression Analysis of Brand Image and Customer Loyalty of Conventional Banking states that the correlation between Customer Loyalty and Brand Image is .657 (65.7%) and Brand Image accounts for .432 (43.2%) of the variation in Customer Loyalty. Beta is .657. t value is 10.355 which is greater than 1.96 and Sig. is .000 which is less than .05 so the hypothesis: "There is a significant relationship of Brand Image on Customer Loyalty in Conventional Banking" is accepted. In Regression Analysis of Brand Image and Customer Loyalty of Islamic Banking states that the correlation between Customer Loyalty and Brand Image is .812 (81.2%) and Brand Image accounts for .660 (66.0%) of the variation in Customer Loyalty. Beta is .812. t value is 10.323 which is greater than 1.96 and Sig. is .000 which is less than .05 so the hypothesis: "There is a significant relationship of Brand Image on Customer Loyalty in Islamic Banking" is accepted.

4.5.1 Regression analysis table

Table 7 shows the rejection or acceptance of hypotheses based on regression analysis.

Table 6. Regression analysis

Constructs	Conventional banking					Islamic banking				
	R	R ²	Beta value	T	Sig.	R	R ²	Beta value	t	Sig.
Service Quality and Customer Loyalty	.732	.535	.732	12.749	.000	.802	.643	.802	9.949	.000
Customer Satisfaction and Customer Loyalty	.774	.600	.774	14.534	.000	.862	.743	.862	12.605	.000
Customer Trust and Customer Loyalty	.713	.509	.713	12.082	.000	.869	.756	.869	13.052	.000
Brand Image and Customer Loyalty	.657	.432	.657	10.355	.000	.812	.660	.812	10.323	.000

Source: Calculated via SPSS version 21 by the authors of this study

Table 7. The final remarks and results of the hypethesis

Hypothesis	Hypothesis Statement	Nature of Banking	Test	Status
H ₁	There is a significant relationship of Service Quality on Customer Loyalty in Conventional Banking.	Conventional Banking	t = 12.749 Sig. = .000	Accepted
H ₂	There is a significant relationship of Customer Satisfaction on Customer Loyalty in Conventional Banking.	Conventional Banking	t = 14.534 Sig. = .000	Accepted
H ₃	There is a significant relationship of Customer Trust on Customer Loyalty in Conventional Banking.	Conventional Banking	t = 12.082 Sig. = .000	Accepted
H ₄	There is a significant relationship of Brand Image on Customer Loyalty in Conventional Banking.	Conventional Banking	t = 10.355 Sig. = .000	Accepted
H ₅	There is a significant relationship of Service Quality on Customer Loyalty in Islamic Banking.	Islamic Banking	t = 9.949 Sig. = .000	Accepted
H ₆	There is a significant relationship of Customer Satisfaction on Customer Loyalty in Islamic Banking.	Islamic Banking	t = 12.605 Sig. = .000	Accepted
H ₇	There is a significant relationship of Customer Trust on Customer Loyalty in Islamic Banking.	Islamic Banking	t = 13.052 Sig. = .000	Accepted
H ₈	There is a significant relationship of Brand Image on Customer Loyalty in Islamic Banking.	Islamic Banking	t = 10.323 Sig. = .000	Accepted

Source: Calculated via SPSS version 21 by the authors of this study

5. CONCLUSION

From the findings, it is found that service quality, customer satisfaction, customer trust, and brand

image plays a very crucial role towards the customer loyalty in Islamic and conventional banking. Hence, all four (4) factors namely service quality, customer satisfaction, customer

trust, and brand image has a significant direct (positive) relationship on customer loyalty of both conventional and Islamic banking.

6. RECOMMENDATIONS

Based on the empirical findings, it is recommended:

- Both conventional and Islamic banking must enhance their service quality in order to alleviate loyalty of customers.
- However customer loyalty in conventional banking is not good in comparison to other constructs. Therefore, conventional banking needs to increase loyalty by ensuring good service quality, build up satisfaction and trust, and have a good image in the minds' of customers.

CONSENT

All authors declare that 'written informed consent was obtained from the patient (or other approved parties) for publication of this case report and accompanying images. A copy of the written consent is available for review by the Editorial office/Chief Editor/Editorial Board members of this journal.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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APPENDIX

Subject: Participation in Survey Questionnaire

Dear Respondent,

We are students of Master of Business Administration (MBA) at Shaheed Zulfikar Ali Bhutto Institute of Science and Technology (SZABIST), doing MBA research titled as “Factor affecting the customer loyalty in Banking Sector of Hyderabad, Pakistan – A Study on Conventional and Islamic Banking” at SZABIST, Hyderabad.

This study basically comprises the questions of demographics or categorical, service quality, brand image, customer satisfaction, customer trust, and customer loyalty. The participants of this study are mainly the customers of both Conventional and Islamic Banks who have account in one or both of them.

This study will require 10 to 15 minutes to fill the questionnaire thoroughly and completely attached herewith as below. Your kind participation is voluntary and if you do not want or you are unwilling to participate, you may discard the questionnaire survey. Your data and your information you gave will be kept under strict confidentiality and secured and it will not be disclosed to any of the educational institution, company, organization, or individual.

Now, we are inserting the consent form to be filled, if you are willing to participate kindly fill it completely.

We look forward to your favorable cooperation and feedback.

Yours sincerely,

Research Consent Form

It is required for research including human efforts.

Title: Factors affecting the customer loyalty in Banking Sector of Hyderabad, Pakistan – A Study on Conventional and Islamic Banking”.

What is involved in participating?

You are requested to complete the following questionnaire if you are willing to participate in research. Your participation is voluntary and you can choose to decay or withdraw at any point if you want. Anything you say will be done accordingly and information you provide will be kept confidential and it won't be accessible to other individual or organization for conflict of interest.

Consent

Please tick appropriately	Yes	No
I want to be recognized in the research study.	<input type="checkbox"/>	<input type="checkbox"/>
I have read mentioned guidelines and information and desire to participate.	<input type="checkbox"/>	<input type="checkbox"/>

Signature: _____

Dated: _____

Section A: Basic Data – Please tick the appropriate answer

1. Gender

Male Female

2. Age (in Years)

20 – 30 31 – 40 41 – 50 Above 51

Section A: Basic Data – Please tick the appropriate answer						
3. Marital Status						
<input type="checkbox"/> Single						<input type="checkbox"/> Married
4. Education						
<input type="checkbox"/> Basic	<input type="checkbox"/> Bachelors	<input type="checkbox"/> Masters	<input type="checkbox"/> Doctoral			
5. Job Status						
<input type="checkbox"/> Student	<input type="checkbox"/> Employed	<input type="checkbox"/> Unemployed	<input type="checkbox"/> Self-Employed	<input type="checkbox"/> Business		
6. Salary/month (in Rs.)						
<input type="checkbox"/> None	<input type="checkbox"/> Below 50,000	<input type="checkbox"/> 50,000–80,000	<input type="checkbox"/> 81,000–100,000	<input type="checkbox"/> 110,000–130,000	<input type="checkbox"/> Above 130,000	
7. Bank Name						
1. _____			3. _____			
2. _____			4. _____			
8. Nature of Bank						
<input type="checkbox"/> Conventional Banking	<input type="checkbox"/> Islamic Banking		<input type="checkbox"/> Both			
Section B: “Factors Affecting Customer Loyalty in Banking Sector of Hyderabad, Pakistan – A Study on Conventional and Islamic Banking” – Please tick the appropriate answer from 1–Strongly Disagree (SD), 2–Disagree (D), 3–Neutral (N), 4–Agree (A), 5–Strongly Agree (SA).						
Service Quality						
<input checked="" type="checkbox"/> Service of my bank is reliable.	<input type="checkbox"/> SD	<input type="checkbox"/> D	<input type="checkbox"/> N	<input type="checkbox"/> A	<input type="checkbox"/> SA	
<input checked="" type="checkbox"/> The location of my bank is near to my office and home.	<input type="checkbox"/> SD	<input type="checkbox"/> D	<input type="checkbox"/> N	<input type="checkbox"/> A	<input type="checkbox"/> SA	
<input checked="" type="checkbox"/> The environment and infrastructure of my bank is pleasant.	<input type="checkbox"/> SD	<input type="checkbox"/> D	<input type="checkbox"/> N	<input type="checkbox"/> A	<input type="checkbox"/> SA	
<input checked="" type="checkbox"/> Operations of my bank meets my expectations.	<input type="checkbox"/> SD	<input type="checkbox"/> D	<input type="checkbox"/> N	<input type="checkbox"/> A	<input type="checkbox"/> SA	
<input checked="" type="checkbox"/> My bank staff is humble and cooperative.	<input type="checkbox"/> SD	<input type="checkbox"/> D	<input type="checkbox"/> N	<input type="checkbox"/> A	<input type="checkbox"/> SA	
Customer Satisfaction						
<input checked="" type="checkbox"/> I am satisfied with my decision to select this bank.	<input type="checkbox"/> SD	<input type="checkbox"/> D	<input type="checkbox"/> N	<input type="checkbox"/> A	<input type="checkbox"/> SA	
<input checked="" type="checkbox"/> My bank gives services that meet my needs and expectations.	<input type="checkbox"/> SD	<input type="checkbox"/> D	<input type="checkbox"/> N	<input type="checkbox"/> A	<input type="checkbox"/> SA	
<input checked="" type="checkbox"/> I am happy with the services provided by my bank.	<input type="checkbox"/> SD	<input type="checkbox"/> D	<input type="checkbox"/> N	<input type="checkbox"/> A	<input type="checkbox"/> SA	
<input checked="" type="checkbox"/> My bank handles my queries efficiently and effectively.	<input type="checkbox"/> SD	<input type="checkbox"/> D	<input type="checkbox"/> N	<input type="checkbox"/> A	<input type="checkbox"/> SA	
<input checked="" type="checkbox"/> My bank provides what they promise.	<input type="checkbox"/> SD	<input type="checkbox"/> D	<input type="checkbox"/> N	<input type="checkbox"/> A	<input type="checkbox"/> SA	
Customer Trust						
<input checked="" type="checkbox"/> My bank is trustworthy.	<input type="checkbox"/> SD	<input type="checkbox"/> D	<input type="checkbox"/> N	<input type="checkbox"/> A	<input type="checkbox"/> SA	
<input checked="" type="checkbox"/> This bank keeps my information under strict confidentiality.	<input type="checkbox"/> SD	<input type="checkbox"/> D	<input type="checkbox"/> N	<input type="checkbox"/> A	<input type="checkbox"/> SA	
<input checked="" type="checkbox"/> This bank is reliable and I can rely on it.	<input type="checkbox"/> SD	<input type="checkbox"/> D	<input type="checkbox"/> N	<input type="checkbox"/> A	<input type="checkbox"/> SA	
<input checked="" type="checkbox"/> My bank is transparent and honest.	<input type="checkbox"/> SD	<input type="checkbox"/> D	<input type="checkbox"/> N	<input type="checkbox"/> A	<input type="checkbox"/> SA	
<input checked="" type="checkbox"/> My assets are in safe custody.	<input type="checkbox"/> SD	<input type="checkbox"/> D	<input type="checkbox"/> N	<input type="checkbox"/> A	<input type="checkbox"/> SA	

Brand Image						
My bank is reputable and well established.	SD	D	N	A	SA	
My bank's perception in the mind of people is good.	SD	D	N	A	SA	
The bank name is well known.	SD	D	N	A	SA	
My bank provides me services better than other banks.	SD	D	N	A	SA	
I can easily recall symbol or logo of my bank.	SD	D	N	A	SA	
Customer Loyalty						
I will say good and positive things to others about my bank.	SD	D	N	A	SA	
I would suggest others and my friends to use this bank.	SD	D	N	A	SA	
I will always consider my bank as a first choice.	SD	D	N	A	SA	
I will continue to use services of my bank.	SD	D	N	A	SA	
My bank fulfills my requirements.	SD	D	N	A	SA	

1. What would you prefer Conventional Banking or Islamic Banking?

2. Why?

3. What recommendations will you give to your bank to improve itself to become better?

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