IMPACT OF LOYALTY PROGRAMS ON CUSTOMER SATISFACTION: A STUDY WITH SPECIAL REFERENCE TO KERALA BASED COMMERCIAL BANKS.

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This is to certify that the thesis entitled "**Impact of Loyalty Programs on Customer Satisfaction: A Study with Special Reference to Kerala Based Commercial Banks"** is a record of the bonafide research work done by Ms. **Soumya Sreedhar V.**, Part Time Research Scholar, under my supervision and guidance.

The thesis is the outcome of her original work and has not formed the basis for the award of any degree, diploma, associateship, fellowship or any other similar title and is worth submitting for the award of the Degree of Doctor of Philosophy in Commerce under the Faculty of Commerce and Management Studies, University of Calicut. All the relevant corrections and modifications recommended by the Doctoral Committee during the pre-submission seminar has been incorporated in the thesis.

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Declaration

I hereby declare that this thesis entitled **"Impact of Loyalty Programs on Customer Satisfaction: A Study with Special Reference to Kerala Based Commercial Banks"** submitted to University of Calicut, for the award of Degree of Doctor of Philosophy in Commerce, is a record of the bonafide research work done by me under the supervision and guidance of **Dr. Jancy Davy**, Associate Professor (Retd.), Research & PG Department of Commerce, St. Joseph's College, Irinjalakuda, Thrissur.

I also declare that this thesis has not been formed the basis for the award of any degree, diploma, associateship, fellowship or any other title of recognition from any university or institution and to the best of my knowledge and belief, it contains no material previously published by any other person, except where due references are made in the text of the thesis.

Soumya

Irinjalakuda **Soumya Sreedhar V**

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Abbreviations Used

AGFI	Adjusted Goodness of fit Index
ANOVA	Analysis of Variance
AVE	Average Variance Explained
CFI	Comparative Fit Index
CSB	Catholic Syrian Bank
CFA	Confirmatory Factor Analysis
CR	Critical Ratio
DF	Degrees of Freedom
EFA	Exploratory Factor Analysis
FB	Federal Bank
GFI	Goodness of Fit Index
N	No. of items
NFI	Normed Fit Index
NNFI	Non-Normed Fit Index
PCA	Principal Component Analysis
PGFI	Parsimony-Adjusted Goodness Of- Fit Index
RMR	Standardized Root Mean Square Residual
RMSEA	Root Mean Square Error of Approximation
S.E	Standard Error
SD	Standard Deviation
SE	Standardised Estimate
SEM	Structural Equation Modelling
SIB	South Indian Bank.
TLI	Tucker Lewis Index

CHAPTER I

INTRODUCTION

Chapter I

INTRODUCTION

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1.1 Introduction

Customer satisfaction is one of the most significant features in business. When it comes to commercial banks, customer satisfaction level distinguishes one bank from other, there by determining customer satisfaction as exceptionally important. This is the cause why banks pay attention to customer necessities and complaints. A commercial industry cannot exist without satisfied customers, especially in service-oriented industries.

The banking industry in Kerala has consequently put into a lot of pressure towards an increase in competition. Various approaches are framed to maintain the customer and the key to it is to increase the service quality level. Service quality is vital in the context of banking services for it delivers a high level of customer satisfaction. Nowadays, service quality has established much consideration because of its obvious relationship with customer satisfaction and customer maintenance.

Bank management must adopt customer-oriented approaches in order to participate successfully in the economical, marketing and banking environment. In commercial banks, customer satisfaction is considered as the primary measure to measure the relationships of banks with market. Therefore, it is significant for commercial banks to guarantee maximum customer satisfaction. Satisfied customers are prominent assets of a bank. Satisfied customers have great trust and commitment.

To satisfy and retain customers in this competitive environment is a very complex task for banks. They adopt variety of Customer Relationship Management (CRM) practices to satisfy and retain customers. As a part of this, banks introduce several loyalty programs for its customers. In this research, researcher tries to understand the impact of loyalty programs on customer satisfaction.

1.2 Loyalty Programs

Loyalty programs are designed to reward repurchases with extra product or supplementary goods and services". Loyalty programs are a way to differentiate one's products. "The intention of a loyalty application is to set up a greater level of customer retention in profitable segments by providing more satisfaction and value to certain customers". Customer retention is possible only through customer satisfaction. Loyalty programs are being justified by means of the positive influence of multiplied customer loyalty on long-term financial performance.

Loyalty programs are those structured advertising and marketing strategies designed by retailers to inspire customers to continue to shop to or use the offerings of businesses associated with each program. These programs exist covering most types of commerce, each one having varying features and rewards-schemes.

1.3 Loyalty Programs of Banks

In the case of banks, they offer loyalty programs to customers who are actively engaged in banking transactions. Nowadays all the banks provide some loyalty programs to satisfy and retain its customers. Examples of loyalty programs of banks are:

1. special type of reward programs
2. Debit card loyalty programs.
3. Credit card loyalty programs
4. Different types of cards are also offered by banks as a part of loyalty programs, examples are the following:

   Shopping Card– Exclusive rewards, offers and discounts on online and offline shopping

Cash back Card – Helps in saving money on every purchase through cash back points.

Rewards Cards – Accumulate reward points to get various gifts of your choice.

Travel Card – Lounge access at airports and discounts on ticket and hotel bookings

Life Time Free Card – Free credit cards with no annual fee.

5. Personalised messages.

1.4 Need and Significance of the Study

Now days, customer satisfaction and retention are very difficult task in banks because of tough competition among banks. All banks offer different type of market relationship strategies to satisfy and retain customers. Satisfying each customer is a critical task because all customers are unique. Therefore, banks must provide utmost care in maintaining relationship with the customer. Satisfied customers have positive impact on banks results and also perceived benefits of loyalty programs have impact on customer satisfaction. Banks play a very important role in the development of every country. Success of commercial banks mainly depends on the satisfaction of customers Therefore it is significant to study about the customer satisfaction in banks. In this research, the researcher tries to analyze the perceived benefits and impact of loyalty programs on customer satisfaction in banks.

1.5 Statement of the Problem

Like many other financial service industries, the banking industry faced with a rapid change in market, new technologies, economic uncertainties, fierce competition and more demanding customers. The changing climate has presented a set of challenges. Being a customer oriented service industry, banking focuses mainly on customer service, this came to be a differentiating factor.

In this modern era of global competition, factors such as customer expectation and customer satisfaction vitally contribute towards the success of any industry. Customer expectation is the perceived value that the customer anticipates out of a service. Any industry satisfying customer expectation triumphs the attention of the consumers which leads to customer gratification and then to customer happiness. A bank cannot survive without customer. So satisfy and retain customer is a big challenge before banks.

In order to endure the global competition as well as market dynamism, it is vital for the bank to inspect all the issues, which clue to customer satisfaction, allowing the business to point out the areas of weakness and introduce different programs to satisfy customers. Identifying these key elements would facilitate decisions of the management in this regard so as to improve the business functions in such a way that it leads to customer satisfaction and overall growth of the industry.

In this modern economy the importance of commercial banks cannot be neglected. Commercial banks occupy quite important place in the framework of every economy. Integrated and speedy development of a country is possible only when competitive services reach nooks and corners of that country. There are so many commercial banks in Kerala. Among them, Kerala based commercial banks are of vital importance. They include Federal Bank (FB), South Indian Bank (SIB), Catholic Syrian Bank (CSB) and Dhanlaxmi Bank.

To meet present challenges banks concentrate on various programs. Among these loyalty programs play an important role. Therefore, the study concentrates on loyalty programs offered by Kerala Based Commercial Banks to satisfy and retain customers.

1.6 Scope of the Study

The scope of the study is confined to an in depth analysis of impact of loyalty programs on customer satisfaction in Kerala Based Commercial Banks. In this study the researcher selected all Kerala based commercial private sector banks Loyalty programs are beneficial for both customers and banks. Loyalty programs offer so many benefits to customers. These benefits lead to customer satisfaction and its related outcomes. This study analyses the perceived benefits of loyalty programs and its impact on satisfaction, trust and commitment and impact of trust and commitment on its related outcomes.

1.7 Important Objectives of the Study

- To analyse the importance of various perceived benefits derived out of loyalty programs offered by Kerala based commercial banks and its impact on customer satisfaction.
- To analyse the role of customer satisfaction on their trust and commitment towards Kerala based commercial banks.
- To analyse the role of customer trust and commitment on economic outcomes, resource outcomes, and social outcomes by the customers towards Kerala based commercial banks
- To examine the social stratification and demographic factors have significant influence on customer loyalty.

1.8 Hypotheses

The following hypotheses are formulated in the current research

Objective 1:

H I: Economic value is positively related to satisfaction.

H2: Switching costs is positively related to satisfaction.

H3: Company reputation for quality is positively related to satisfaction.

H4: Special treatment is positively related to satisfaction.

H5: Confidence benefits are positively related to satisfaction.

H6: Communication is positively related to satisfaction

H7: Familiarity is positively related to satisfaction.

H8: Shared values are positively related to satisfaction.

Objective2:

H9: Satisfaction has a positive impact on trust.

H10: Satisfaction has a positive impact on commitment.

H11: Customer trust is positively related to customer commitment.

Objective3:

H12: Customer trust has positive impact on purchase increase.

H13: Commitment has positive impact on purchase increase.

H14: Trust is positively related with share of customer.

H15: Commitment is positively related to share of customer.

H16: Trust has positive impact on market support participation.

H17: Commitment has positive impact on market support participation.

H18: Trust has positive impact on word of mouth marketing.

H19: Commitment has positive impact on word of mouth marketing.

H20: Trust is positively related with sharing of personal information.

H21: Commitment is positively related with sharing of personal information.

H22: Trust is positively related to ease of voice.

H23: Commitment is positively related to ease of voice.

H24: Trust is positively related to firm's promotion.

H25: Commitment is positively related to firm's promotion.

Objective 4

To examine the social stratification and demographic factors have significant influence on customer loyalty

H26: Age of customer creates a difference in customer loyalty.

H27: Education of customer creates difference in customer loyalty.

H28: Occupation of customer creates a difference in customer loyalty.

H29: Monthly income of customer creates a difference in customer loyalty.

H30: Marital status of customer creates a difference in customer loyalty.

H31: Banks of customer creates a difference in customer loyalty.

H32: Frequency of bank transactions of the customers creates a difference in loyalty.

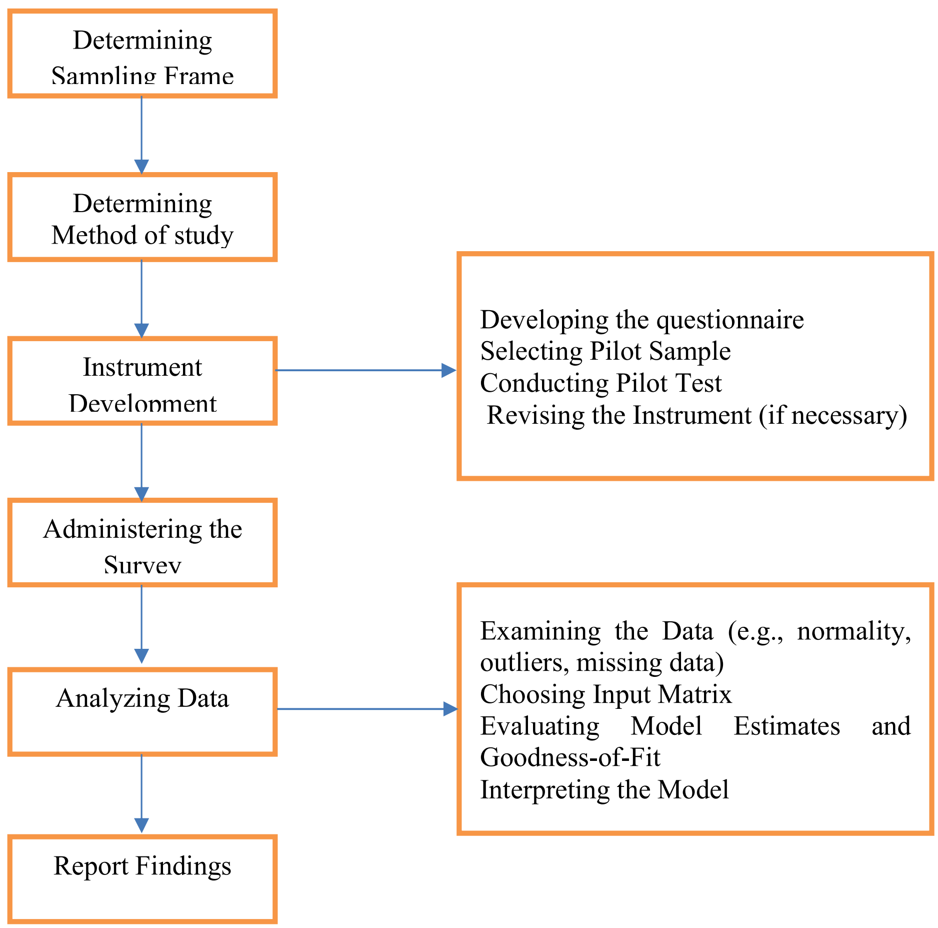
H33:.Years of service of the customers creates a difference in loyalty.

H34: Place of work of the customers create a difference in loyalty

1.9 Research Methodology

The current study followed a descriptive research design. To collect the responses, the study selected individual customers of banks collected from different parts of the state of Kerala. The details about the design, particularly, the data collection methodology and sampling methodology will be elaborated in detail in the following sections. Figure 1.1 presents the detailed procedure followed in the research design formulation stage.

Figure 1.1: Procedure showing the research methodology



1.10 Data Collection Methodology

After establishing the conceptual model and hypotheses for the study, the next step was to generate the scale items for the measurement of each facet of the construct incorporated. This measurement later helped the study to analyze the empirical validity of the conceptual model and test the formulated hypotheses. This item development process was elaborated in later sections.

1.11 Source of Data

The study relies on both primary and secondary data.

Secondary Data

Secondary data was collected through journals, articles, site of RBI, and different banks. Some of them are:

1. Quarterly and annual reports of RBI,
2. Reports of Federal Bank, Dhanlaxmi Bank, CSB and SIB.
3. International Journal of Bank Marketing-various issues
4. Journal of Management Science-various issues
5. Indian Journal of Marketing-various issues
6. Websites of different banks.
7. Website of RBI

Primary Data

Primary data was collected through structured questionnaire. In this research, researcher tries to analyze the impact of loyalty programs on customer satisfaction in Kerala based commercial banks in the state of Kerala. So population means all the customers of Kerala based commercial banks in Kerala.

A good deal of information has been collected through direct personal interview with the bank officials.

1.12 Sampling Design

As part of sample selection, the study considered all the fourteen districts in Kerala. For the purpose of the study, these districts were further classified into three regions, such as southern, northern, and central regions. From these three regions, the study selected the districts based on the highest number of branches.

Table 1.1, 1.2 and 1.3 show the region wise classification and the number of branches of the four banks.

Table 1.1

District wise Classification of Kerala Based Commercial Bank Branches of Northern Region.

	CSB	DHANALAXMI	FEDERAL	SIB	TOTAL
NORTH					
KANNUR	6	3	27	18	54
KAZARGODE	2	4	10	10	26
KOZHIKODE	9	5	35	18	67
MALAPURAM	**18**	**7**	**39**	**37**	**101**
WAYANAD	3	1	5	7	16

Source: compiled from RBI website

Note: Row shown in bold represents the district selected and the number of branches of the selected banks.

Table 1.2

District wise Classification of Kerala Based Commercial Bank Branches of Central Region.

MIDDLE	CSB	DHANALAXMI	FEDERAL	SIB	TOTAL
ERANAKULAM	41	25	99	69	234
PALAKAD	16	19	30	34	99
KOTTAYAM	24	8	56	51	139
THRISSUR	**106**	**37**	**68**	**99**	**310**

Source: compiled from RBI website

Note: Row shown in bold represents the district selected and the number of branches of the selected banks.

Table1.3

District Wise Classification of Kerala Based Commercial Bank Branches of Southern Region.

SOUTH	CSB	DHANALAXMI	FEDERAL	SIB	TOTAL
ALAPUZHA	12	14	63	19	108
IDUKKI	4	2	27	19	52
KOLLAM	9	10	46	19	84
PATHANAMTHITTA	20	5	53	33	111
THIRUVANATHAPURAM	**21**	**18**	**55**	**28**	**122**

Source: compiled from RBI website

Note: Row shown in bold represents the district selected and the number of branches of the selected banks.

Thus, the study decided to select Malappuram district from northern region, Thrissur district from the central region and Thiruvananthapuram from the southern region.

The researcher collected samples from customers belonging to four different banks, such as Dhanlaxmi Bank, Federal bank, CSB, and SIB of the above mentioned districts. So multi stage sampling is used for the study.

1.13 Unit of Analysis

The study considered the individual customer as the unit. The researcher gave priority in the selection of sample respondents by confirming that the individual received or had been receiving support services (loyalty programs) from banks during the last three years that is they were the customers of the same bank and predominantly availing services from the bank mentioned.

1.14 Sample Size

The determination of the appropriate sample size is a very important aspect of any research. Ding, Velicer, and Harlow (1995) indicated that numerous studies considered 100 to 150 subjects to be the minimum acceptable sample size when conducting Structural Equation Modeling.

.Structural Equation Modeling is a large sample approach Therefore, as suggested by Schumacker and Lomax (1996), when using structural equation modeling, the greater the sample size, the better. Since the population is large, Cochran's formula (1997) is used, for calculating the sample size of the customers. The formula is,

- $n_0 = z^2 p q / e^2$
- Where,
- n_0 = Sample Size
- z = Selected critical value of desired confidence level
- p = Estimated proportion of an attribute
- q = 1 – p
- e = The desired level of precision
- Assuming the maximum variability, which is equal to 50 % (p = 0.5) and confidence level 95 %,
- $n_0 = (1.96)^2 (0.5) (0.5)$
- $(0.5)^2$
- $n_0 = 384.16 = \underline{\underline{384}}$

Therefore the minimum size of the sample for this study should be 384.but the researcher could administer on 660 customers on the basis of proportion of banks in each district. Out of the collected questionnaires 30 were eliminated due to some problems. The remaining 630 questionnaires were analysed.

1.15 Instrument Development

The researcher used a paper-based questionnaire as the instrument for the survey, and it was in English as well as in Malayalam. (Appendix A). The questionnaire consisted of three sections (Appendix A).

Part A

The first section had questions intended to collect respondents' demographic profiles.

Part B

The second section dealt with reasons for selecting banks by the customers.

Part C

This section had solicited responses about the study variables under consideration. All items intended to measure the variables in this study were adopted from previously validated instruments.

1.16 Variables

This part of the chapter deals with constructs and variables used in the study. Variables related with reasons for selecting bank and variables used for measuring impact of loyalty programs are considered in this study.

Table 1.4

Reasons for Selecting Bank

Construct	**Variables**
Reasons for selecting bank	Convenience
	Safety of fund
	Wide variety of products
	Network of branches
	Bank reputation
	Advice of friends and relatives
	Behaviour of bank staff
	Fair dealings
	Competitive interest rate
	Suitable working hours
	Reasonable service hours
	Use of technology
	Speedy delivery
	Simplicity

These are the variables identified by the researcher related with reasons for selecting bank.

Variables used for measuring impact of loyalty programs on customer satisfaction, trust and commitment and its related outcomes are following

Table 1.5

Variables

	Constructs	**Statements related with variables**
1	**Economic Value**	Excellent buy for the money.
		Extremely fair prices
		Firms offering is not a very good value for the money,
		Real value
2	**Switching Costs**	More time and effort.
		More time than willing to put forth
		Less costly
		Expensive.
3.	**Company Reputation for Quality**	Good reputation.
		Well known to provide services
		Positive overall reputation
		Negatively viewed by most people.
4	**Special Treatment**	Special consideration
		Higher on the priority list when there is a line.
		Faster service than most customers.
		Better treatment.
		Special things from the bank that most customers don't get.
5	**Confidence Benefits**	Less risk
		Less anxiety
		Should know what to expect when use the services of this bank.
		Well known bank procedures.
6	**Communication**	keeps informed of new developments in banking
		Frequent communications
		High Quality of communication
		Constant updates with regard to new services.

7	**Familiarity**	Personal recognition
		Knowledge about customer.
		People in bank are familiar with customer.
		Remembering capacity.
8	**Shared Values**	Bank values consistent with customers personal values
		Reflection of values of the customer
		Compatible values with customer belief.
		Similar to customers' values.
9	**Satisfaction**	Satisfaction with the services offered by the bank
		Satisfactory overall interactions with the bank
		Services are par with expectations
		Meet all financial requirements.
		Satisfaction with the services offered by the bank
10	**Commitment**	Committed to bank.
		Importance of banks to the customer.
		Little significant relationship.
		Caring of relationship with bank
		Relationship with bank is worth effort to maintain.
11	**Trust**	Honest and truthful experience
		High integrity experience
		Complete trust
		Experience with this bank cannot be trusted at times
		Experience with this bank can be counted on to do what is right
12	**Purchase Increases**	Future purchase
13	**Share-of-Customer**	Share of banking and financial services with this bank than other banks
14	**Marketing Support Participation**	Feedback about new services offered by this bank.
		Sharing of feelings about unmet needs.
		Participation in new product or service development.

		Provide feedback about this bank’s advertising.
		Discussion of views about this bank’s quality of service
15	**Positive Word-of-Mouth**	Willingness to encourage friends and relatives to do business with this bank.
		Willingness to recommend this bank whenever anyone seeks advice
		When the topic of banking services comes up in conversation, willingness to go out of way to recommend this bank.
		Willingness to recommend this bank to friends.
16	**Customers’ Ease-of-Voice**	Comfortable in talking about complaints.
		Not afraid to discuss complaint with this bank.
		Make feel at ease with complaint
		Discussion of complaint with the bank.
17	**Sharing of personal information**	Willingness to provide name and address.
		Willingness to fill out a form about purchases
		personalized information
		Willingness to provide name and answer some questions about preferences.
18	**Openness to Firm Promotion**	Notice and pay attention to this bank’s advertising compare to promotional mailings sent by other banks
		Reading of mail promotions sent by bank.
		Notice and pay attention to information of this bank.
		Reading of materials regarding new products and services offered by this bank.

In the current research all above variables are taken in to consideration for satisfying the above objectives.

1.17 Pilot Study

Pilot study was conducted by the researcher among 100 bank customers in Thrissur district and data were analyzed with the help of SPSS and checked the validity and reliability of the questionnaire.

1.18. Response Reliability

A. Reliability

Cronbach's alpha is a widely accepted measure used for measuring the reliability of the questionnaire. It can be presented as a function of the number of test items and the average inter-correlation among the items.

Table 1.6

Reliability

Constructs	Mean	Std	Alpha
Commitment (5 items)	4.41	0.89	0.80
Trust (5 items)	4.42	1.2	0.81
Satisfaction (5 items)	4.12	1.28	0.86
Economic Value (4 items)	3.99	0.91	0.65
Switching Costs (4 items)	3.82	0.93	0.81
Reputation for Quality (4 items)	3.62	0.92	0.87
Special Treatment (5 items)	3.73	1.33	0.71
Confidence Benefits (4 items)	3.77	0.97	0.66
Communication (4 items)	3.66	0.99	0.90
Familiarity (4 items)	3.66	0.91	0.91
Shared Values (4 items)	3.8	1.02	0.85
Word-of-Mouth (4 items)	4.12	1.08	0.87
Marketing Support (5 items)	4.22	1.909	0.86
Personal Information (4 items)	4.03	1.08	0.69
Ease-of-Voice (4 items)	4.08	1.23	0.71
Openness to Promotion (4 items)	3.66	1.06	0.72
Share-of-Customer (1 item)	3.78	1.15	----
Purchase Increases (1 item)	4.01	1.04	----

Source: Primary Data

This table reveals that all the values of Cronbach alpha are above the standard value 0.60. Therefore, it shows that the measurement scales have internal consistency and that the scale is reliable.

B. Validity

1. Construct Validity

It is used to ensure that the 'measure', actually measures what it is intended to measure and no other variables. Using a panel of experts familiar with the construct is a way in which this type of validity can be assured. The expert can examine the items and decide what that specific item is intended to measure.

2. Content Validity

The systematic examination of the survey content to determine whether it covers a representative sample of the behaviour to be measured. Content validity of the study was ensured with the help of academicians and experts in the field. Construct validity can be divided into convergent validity and discriminant validity. Convergent validity ensures whether the two measures that should be theoretically related are infact related. Discriminant validity checks whether two measures that are theoretically not correlated are infact differentiated. Construct validity was ensured through Confirmatory Factor Analysis.

1.19 Tests for Normality

The study checked the normality of the data concerning each item considered to measure different constructs. To check the same, the study used two different tests, such as Kolmogorov-Smirnov and Shapiro-Wilk. The analysis results supported that the fact that the data follows the assumption of normality.

1.20 Data Analysis Tools

In the study, the researcher conducted the data analysis by following five sequential steps.

In the first step, the researcher conducted a preliminary examination of the demographic variables using descriptive statistics and various visualization techniques. This was mainly done to analyse the pattern and tendencies of various demographic characteristics of the study respondents. Moreover, the visualization techniques used also helped the researcher to articulate the characteristics of the sample demographics in a better manner. In this section the descriptive data analysis was presented using appropriate tables, figures or charts, and through explanatory information. Furthermore, in this section, the researcher provided emphasis on the descriptive of the demographic information and other background information of the study and reached their own conclusions, by articulating the basic as necessary information (if it is required), because p-values for key statistics have also been presented. In this descriptive statistics (frequencies and percentages), the researcher provided more emphasis on the demographic and other background characteristics of selected study samples, such customers (e.g., gender, tenure with the organization, age group ,marital status ,occupation ,educational qualification, frequency of purchase and monthly income). In addition, in this section descriptive statistics were also calculated for the survey items corresponding to the selected study variables considered in this study., The researcher has also provided simple means (arithmetic averages) of the responses for each of the scales used to measure these variables. Further, to provide more clarity on the selected study items, descriptive statistics such as the standard deviation and variance of these items were also presented.

In the second step, after conducting the preliminary analysis phase, testing was performed to assure that assumptions underlying multivariate statistical analysis (for example, normality, linearity, homogeneity of variance, absence of outliers, and missing values) were met (Meehan & Stuart, 2007). IBM SPSS and Amos software program were used to tests of both univariate and multivariate normality.

Although maximum likelihood (ML) estimation procedures were robust to moderate violations of normality (Meehan & Stuart, 2007), the study conducted uni-variate and multivariate assessment. In addition, in this section, analyses were conducted to determine the internal consistency of the scale dimensions (for example, Cronbach's alpha) for reliability check. .

In the third step, the researcher examined the dimensionality of the scale dimensions using series of Exploratory Factor Analyses (EFAs). The EFAs were performed using the software IBM SPSS version 22. All these exploratory factor analyses were conducted with the aim of two objectives. First, to identify the underlying dimension of these scale items. Second, if the underlying dimensions are already identified in the literature, then assess the uni-dimensionality of these scale dimensions. To assess the same, the researcher performed a series of EFA using Principal Component Analysis. While using this analysis, the researcher examined the feasibility of performing the analysis using the measures, such as KMO, and Bartlett's test of sphericity. In addition, the researcher also examined the determinant of the correlation matrix to confirm the sufficiency of the correlation exits in the data. Further, the researcher examined the structure matrix, which explains the loadings or the correlation between the items with its respective constructs. Based on the structure matrix provided, the study assessed the suitability of the scale to measure the respective dimensions, and also the uni-dimensionlity of the scale.

In the fourth step, the researcher examined the validity and reliability of the scale dimensions using series of Confirmatory Factor Analyses (CFAs). In this CFA, the main objective was to assess the two types of validity (e.g., convergent and discriminant validity and reliability). Several tests were used to assess the same. In addition, in this CFA assessment the loadings of each item with respective construct were also examined as part of assessment of validity. Above all, several fit indices were used to assess the fit of the CFA model with data.

In the fifth stage, the study analyzed the proposed set of hypotheses using a technique, called as Structural Equation Modeling (SEM). This analysis has been performed using the software, AMOS (Analysis of Moment Structures). In this software the research has the flexibility to draw the conceptual model and then incorporate the collected data. Based on the recommended estimation technique the software provides the estimation results. In addition, this also generates a set of model fit indices, which can be used to confirm the fit of the model with the data. In this, generally used fit indices are: Non Normed Fit Index (NNFI), $\chi 2$ (chi-square), The Normed Fit Index (NFI), Comparative Fit Index (CFI), Goodness Of Fit Index (GFI), Standardized Root Mean Square Residual (SRMR) and Root Mean Square Of Approximation (RMSEA). All these fit indices provides information about the adequate fit if they meet the following the recommended threshholds: NNFI greater or higher than .95 (Meehan & Stuart, 2007); $\chi 2$ not statistically significant ($p > .05$; Kline, 2011); NFI greater than .95 (Schreiber, 2008); GFI greater than .95 (Schreiber, 2008); CFI greater than 0.95 (Kline, 2011); RMSEA less than 0.06 (Kline, 2011); and SRMR less than 0.05 (Kline, 2011).

In the last stage, the study perform ANOVA using the selected set of demographic and background variables as independent variables and the study constructs as dependent variables. This, mode of data analysis is required to understand the mean difference of the selected set of study conducts in terms of the given set of demographic and other background variables..

1.21 Operational Definitions

a. Loyalty programs- Extra programs offered by banks to its customers like special treatments, reward programs etc to retain customers.
b. Kerala Based Commercial Banks- Banks that are born in Kerala. Dhanlaxmi Bank, Catholic Syrian Bank, Federal Bank and South Indian Bank.
c. Perceived benefits-Perceived benefit refers to the perception of the positive consequences that are caused by a specific action that means any sort of benefit that customers perceives as a part of loyalty programs. In this research, perceived benefits of loyalty programs are taken into consideration.
d. Customer- customer is a person who makes frequent transactions with bank and who has more than three years of service with bank. They have participated or benefited from one or several forms of loyalty programs.

1.22 Limitations of the Study

1. Present study only covers Kerala based commercial banks. Other public sector and private sector banks are not included in the study..
2. Some of the customers were reluctant to answer the questions.

1.23 Chapterisation

Chapter 1: **Introduction**

1t covers with introduction, an overview of customer satisfaction and loyalty programs of banks. The need and background of the study also discussed. The objectives and research questions are discussed in this chapter.

Chapter 2: **Review of Literature**

The review of literature of the selected area of study is dealt in this chapter.

Chapter 3: **Theoretical Framework and Hypotheses Formulation**

It includes theoretical framework regarding loyalty programs and customer satisfaction in general and especially that of banks and hypotheses formulation

Chapter 4: **Analysis of Impact of Loyalty Programs on Customer Satisfaction**

This chapter provides the description of the respondent population and sample, the summary of the results, the details of the analyses, and the results of the study.

Chapter 5: **Summary, Findings, Conclusion and Suggestions**

It presents summary, findings, conclusion and suggestions by the researcher based on the study along with future directions for research.

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CHAPTER II

REVIEW OF LITERATURE

CHAPTER II

REVIEW OF LITERATURE

Contents

2.1: Introduction

2.2 : Reviews Related With Banks And Customer Satisfaction

2.3: Reviews Related With Loyalty Programs

2.4: Research Gap

2.5: Conclusion

2.1 Introduction

In this chapter, going to deal with various reviews related with research topic. This chapter mainly divided in to two parts:

1. Reviews related with banks and customer satisfaction,
2. Reviews related with loyalty programs

2.2 Reviews Related with Banks and Customer Satisfaction

This section is deals with various reviews related with customer satisfaction and banks.

Aashish and Shashikant Jani (2012) in his comparative study on the use of technology in retail banking among public and private sector banks argued that channels are prefered by customers due to the fact of cost and time utility. His advice is that in this era of information technology, the public sector banks have to introduce extra technology-based products and services to compete with other bank groups especially new generation banks.

A study on Oriental Bank of Commerce by **Agarwal & Kamal, (2015)** aimed to identify the factors that satisfied the customers of the particular bank by conducting a survey among 100 respondents. Reliability, services, and interaction of the employees with the customers were found to be significant and had a positive effect on customer satisfaction, but the efficiency of the employees was found to be insignificant. Though tangibility has a positive association, the degree was not found to be highly reliable. The customers of the bank were satisfied with the services such as ATM but were inconvenienced with services like the faulty machine and ill-maintained service of the machine, which had a negative impact on customer satisfaction.

The focus of **Alagiri's (2007)** article "Retail banking: challenges" is on the Indian retail banking with improved spending of the consumer and improved challenges in the form of competition and technology up-gradation. He concluded that the most significant issues for the new generation customers are services of the competitive packaging and product innovation. Retail banking increased the uses of mobile phones and e-banking facilities for quick service. As a result, protection and confidentiality have become very hard to maintain. This has come to be a predominant trouble for the banks in India. Another end result of the study was that the delivery mechanism of credit has been appreciably enhanced with the creation of advances on the technological aspects.

Al-Eisa and Alhemoud (2009) studied impact and the most important characteristics of customer satisfaction of retail banks in Kuwait. They also tried to measure the degree of overall satisfaction of the banks customers. The multiple attribute method was applied in the data analysis. They identified that the most significant features for forecasting customer satisfaction are availability of self-banking services, quick service, courtesy and helping mentality of employees.

Amit and sachan et.al (2006) stated that along with technology-based services like multi cheque facility, branch banking, and bill pay services, banks were concentrating on business intelligence for providing better customer services.

Anand (2014) stated that realigning of banking business model with the need of service enterprise is not only essential for the growth of banks own business but also for retaining the role of banks as intermediaries for the supply of finance and financial service.

Anand Sharma et al (2014) discovered in his study that Customer loyalty is a necessary factor in developing and maintaining competitive advantage in the service industry. It has also been further discussed in the paper that, there is an impact of service quality on customer satisfaction and loyalty in public and private sector banks.

AnanthaSwamy (2001) evaluated the presentation of different bank groups in India in the environment of competition, deregulation, and variations in the field of finance. He categorised banks into the public sector, old private sector, new private sector, and foreign banks. His focus has been on effectiveness, NPA, contingent liabilities, spread, etc. for the last five years and reached the assumption that the new private sector banks are execution developed than the banks in other sectors.

Anderholm (2000) discoursed that unlike other retail industries banks had a poor record of maintaining customer satisfaction. New technology has provided the banks with two significant problems. It has allowed the new entrants into the market and decreased face-to-face interaction. This can be partially rectified by e-CRM.

Antoney's (2016) research findings depicted that the 4P's via, physical facilities, public popularity, performance of employees and product features of banks were the indicative factors, which positively affected customer experience of the banking customers. Retail and commercial banks need to frame their customer service policies and customer relationship management strategies.

Archana and Mathur (1988) in their study on the customer service of State Bank of India and State Bank of Bikaner & Jaipur, established the mainstream of the customers were compelling expediency of savings bank account. Nearly 57 % of respondents were dissatisfied regarding the passbook entries. The respondents sensed that the general environment of the banks was satisfied. More than 80 % of the customers interviewed about the view which was needed for the improvement of services in banks.

Arti (2009) in her reasonable study of ICICI bank and SBI found that ICICI bank performed better in staff behaviour and services than SBI. She also found that the commitment and the competitive rate were enough to satisfy the customers while hidden charges are the reason for dissatisfaction with ICICI bank.

Arunkaul (2014) stated that the quest for customer service excellence should be an overarching goal for any bank as put the customers at the centre of our business strategy.

According to the definition of **Baker & Crompton (2000)** satisfaction is the personal experience. The subjective opinion of satisfaction is the benefit that customer gets from purchasing products or services." It is reflection customer's behaviour after purchase. It always exceeds their expectation and loyalty increases. It provides value to the business. Satisfaction is a psychological reflection. Satisfaction directly influences customer's choice.

Balakrishna, R (2014) opined that delivering world class customer service will improve the bank services which in turn enhance the productivity and profitability of India banks. To be successful, banks need to be not just high-tech but high touch as well.

Bharathbushanrama (2014) stated that understand the needs of the customers and to provide them within the affordable cost, needs marketing strategies. The competition and technology have widened the expectation of customers. So it is only those banks can survive which have the best marketing strategies.

Bhaskar (2004) identified that a loyal customer will work as a representative to the bank and simplify the development of the business. The survival of the banks dependent on services .Due to the technological revolution ,the banking industry is active in India,. This is very helpful for banks to become strong.

Bhaskaran (2010) in his article "Impact of financial crisis on banks in India "pointed out that the financial crisis was more on private sector banks. Nonperforming assets have extended in all banking sectors. The upsurge in NPA heralded the financial crisis and coincided with the booming of the retail industry.

Brahmanandan and Narayanan (1990) in his study tried to discover the difficulties of the transaction within the branches of the same banks and to evaluate the extent of customer satisfaction with the service of banks. The study revealed that appropriate location and congenial timings had witnessed the dominant role in selecting a branch.

Chakrabarti (2006) observed that the over-emphasis on competition and profitability has driven away from the socialistic approach of public sector banks followed for decades. Yet he concluded that the emergence of new generation banks and foreign banks has promoted the use of technology and professionalism in the banking sector.

Chakraborty (2005) in his article, "Customer relationship management" claimed that in the marketing of products and services in banks, CRM is necessary . CRM increase the customer base and customer loyalty in banks.

Chaudhary and Sharma (2011) in their article "Performance of Indian public sector banks and private sector banks: a comparative study" suggested that banks ought to take satisfactory strategies to escape from NPA problem. Proper training should be given to staffs involved in mortgage sanctioning. Care should be exercised in the choice of borrowers and projects.

According to **Chandra (2011)** Customer satisfaction is explained by staff quality, tangible quality, and delivery quality. According to him, staff quality is more satisfying followed by delivery quality and tangible quality. Thus bankers should concentrate on human resources.

Darli1. Vasanthagopal and Suleena (2017) in this paper presented the importance of service quality in the banking sector. This empirical study made to evaluate the best practices of the CRM and customer satisfaction in commercial banks in Kerala. The assessment was done based on sample of 450 customers of SBI and Federal bank found that the customers of both the banks are approving with the practices of CRM positively. The practices can entice a large number of customers to the banking area and also it performs to make them satisfied and loyal to the industry.

Debasish's, (2014) investigation found that for the SBI the mean of empathy dimension is consistently high and the dimension of responsiveness and empathy is low. The empathy of the HDFC banks consistently high which had high mean in dimensions and low mean in assurance. The SD of the numerous dimensions of the SBI indicated the responsiveness which has the highest eccentricity while approachability has the lowest. In case of HDFC banks, it is seen that empathy has the highest standard deviation and friendliness has the lowest. The signification of the high mean and low SD describes the feel of the respondents for that dimension. A view on the skewness of the distribution for the numerous dimensions for the SBI illustrates that perceptibility and receptiveness are negatively skewed while receptiveness, assurance, and empathy are skewedpositively. In the case of the receptiveness and the assurance of the HDFC bank which are negatively skewed and responsiveness, timeliness, and empathy are skewed positively.

Dhanjayan (2007) opined that if you want to build loyalty of the customer, it is not enough that you have a good service, a good product, and good advertising campaign. But you need to have every part of your operations, fine tuned to deliver a memorable experience to the customer each and every time they have interacted.

Dinabandhu and Bag (2012) observed that personal savings has expanded many times in India since 1996. But this increase is now not huge when in contrast to the increase in per capita income and per household income in India. The demand for retail credit has extended as a result of the extended employment technology in the organized sector. He further viewed that a massive component of households remains unsaved with retail credit and that the gap between retail credit and income is increasing. Through better credit administration tools, the banks can enhance credit eligibility and build a tradition of credit.

Dinesh and Bhakkad (2011) stated that CRM in the banking is concerned with attracting, maintaining, and enhancing customer relationship. A good business plan and guidance about the facility is the major success factor of CRM.

Drucker (2010) stated that the quality in a service or product is not what you put on it, it is what the client or the customer get out of it.

Filomina (2004) surveyed on customer's expectations from retail banks shows that many banks can not encounter the different needs of customers, because the customers are not so trustworthy to a specific bank and go for manifold banking. Customers are conscious of the variability of services and products that are accessible in the banking sector and claim them from their banks.

Fullbagsingh, kaur(2010) opined that the service quality is positively associated with customer satisfaction. If there is some upgradation in service quality, customer satisfaction will increase and vice versa. Banks should put extra effort to improve service quality and deliver better service to keep the customers satisfied and retain.

Fullbagsingh, kaur and Mahajan (2012) identified three factors that have the impact over the selection criteria of the banks based on the Customer service. They are motivation factor, trustworthiness and geographical spread and convenience and choice factor. Customer service is the most significant factor that banks need to strive towards increasing the same to attract and retain customers.

Gandhi (2014) stated that banks must seek the understanding and the co-operation of all bank customers in complying with the KYC requirements on an ongoing basis.

Ganguli, Kumar and Roy (2011) identified four dimensions of service quality that has a significant impact on customer satisfaction and loyalty. These dimensions are customer service, technology security and information quality, technology convenience, and technology usage easiness and reliability

Ganguli and Roy (2011) also studied the "Factors affecting customer satisfaction in the Indian retail banking sector." The elements affecting purchaser satisfaction were recognized via factor analysis. Their study also detailed that the essential elements affecting customer satisfaction were customer service and usage of technology, reliability, and easiness.

Gauba and Mishra (2013) stated that SBI and HDFC are the leading banks in India, but when it comes to customer service, there is a lot to be improved before they can call themselves as the leaders regarding customer satisfaction and ultimately their retention.

George and Manoj (2013) research findings suggested that in the on-going era of financial sector reforms in India, commercial banks are contending with each other for market share. Customer satisfaction became critical for growth and survival of banks.. In this context, this paper appears into the Customer Relationship Management (CRM)as the current management philosophy, which seeks to uphold the long-term relationship with customers for safeguarding their retention and loyalty. The practice in Kerala-based commercial banks in Ernakulum district compares the CRM performance amid the public and private sector banks.

Girirajan (1998) stated that the quality of customer service would play an increasingly important role in the business dealings of commercial banks. A bank offering better service will go a long way not only in surviving the competitive market but also strengthening and establishing itself in the industry.

Gopal and Dey (2007) in their study on "Retail banking in Indian scheduled commercial banks" stated that innovation in products, technological developments, and strategies to seize the market share decide the success in retail banking. Quality of customer service is equally important. Thus, retention of customers and attraction of possible customers are the major challenges before bank.

Gopalakrishnan (2005) revealed that wilful default, funds diversion, deficiency in credit appraisal standards and lack of follow-up and supervision were the reasons for NPA.

Gupta and Meera (2011) in their study on "Indian banks and Basel II norms" found that the capital adequacy and risk structure of the banks have improved as a end result of Basel II regulations. The NPA of all banks have declined. The capital adequacy ratio of banks has elevated as a end result of capital guidelines which in turn lead to a limit in NPA.

Gurumurthy (2004) has made an investigation of expenditure, income, operating profit, and NPA of foreign banks, public sector banks, old private sector banks, and new-fangled private sector banks. He opposed that the improvements in the banking sector which impacts positively on the financial well-being of the banks

Herington and Weaven (2009) analyzed the elements affecting customer satisfaction for e-retail banking in Australia. A survey used to be performed among the everyday customers of on-line banking by way of selecting a convenient sample. The elements for customer satisfaction had been ascertained with the aid of factor analysis and regression analysis. He identified personal needs of the customer, user-friendliness of the websites, internet site organization, and efficiency as the important factors contributing to the satisfaction of clients.

Hossain and Leo (2009) in their study found that the perception of customers changed in accordance with the nature of service. They viewed that in this aggressive environment, all banks offered the same or comparable products and the only element to distinguish them is by the quality of service. Thus retail banks must confirm better service to their customers to become successful.

Ibrahim (2011) in his study stated that Indian scheduled commercial banks have improved their operational performance since 2000. There is a consistent increase in aggregate deposits. The C-D ratio also showed an increasing trend. The investment deposit ratio and priority sector advances have also gone up.

In an empirical study among bank customers on e-CRM in the Indian context by **Joju,Vasantha and Joseph (2016)** entitled “E-Leveraging e-CRM for Future” the authors have pointed out the need for leveraging e-CRM in today’s viable scenario for the growth and the survival of banks.

Jain (2014) analyzed the Nayak committee report and suggested that all the banks should incorporated under the companies act and bank investment Company should be established.

Jain (2014) stated that banking is a reflection of what is happening in the economy. Whether is regarding credit growth, deposit growth, and asset quality, all moves in line with how the economy moves, to grab the opportunity, the need is fresh capital investment.

James and Manoj (2014) in their paper 'Relevance of E-Banking in the Rural Area – An Empirical Investigation' have analysed the significance of the services of E-banking concerning a typical rural area in Kerala and also suggested the measures for the better influence of banking in rural areas. Awareness campaigns are one of the important measures suggested by them.

Jeromi (2002) in his research tried to investigate the trends and subjects of bank credit in Kerala. He also detected that there was more thrust in the mobilisation of payments than credit development. Since 1991, there was a drastic decline in CD ratio of the state. Among the Southern states, Kerala had the lowest CD ratio presentation. He also witnessed that the reasons for low CD ratio are lack of credit absorption measurements in the weak productive sectors.

John (2016) revealed that customers of the bank expect certain services from the banks such as timely service, quality service, prompt answer to their queries, and effective solution to their problem and security of their assets. The loyalty of customers has often studied to improve the services of banks. The study aimed to explore the impact of customer satisfaction on customer loyalty in the banks and to do that the researcher surveyed 100 respondents who were customers of SBI, HDFC or Federal Bank of Ernakulam city. The analysis revealed that there is a significant and positive association between the independent variables representing customer satisfaction and the dependent variable representing customer loyalty through correlation and regression model.

John (2017) opined that banks ought to treat their customers with personalized interest and must make certain that their needs are best served. Moreover, the banks should make efforts in reviewing their services regarding quality to make certain that they can withstand the extreme competition in the market. In addition to this, banks should make serious efforts to retain their customers for their very survival and make further developments in the economic sector. Human aid be cautiously chosen to make their customers feel that are served with the best interest at heart.

Joy (2005) in the study "Performance evaluation of private sector scheduled banks in Kerala" suggests that private sector banks in Kerala are above the other banks in growth proportions and below in performance.

Juika (2013) is of the opinion that the rising population of higher income group and middle class, who are prepared to take the risk, has accelerated the scope of retail banking. So banks need to concentrate on this elite group of customers through product innovation and offer them quality service in time.

Kalpesh (2011) in his comparative study of the financial performance of Indian banks pointed out that the effectivity and stability of the banking system in India is impacted by the reform measures. The profitability and liquidity of both public and private region banks have also improved a lot.

Kalyanaraman and Sudhamani (2012) opined that in the cut-throat competition, the survival of any banks depends upon the satisfied customers. The efficiency of a banking sector depends upon the way in which they provide services. To endure in this competitive environment and deliver customer satisfaction, the banks are required to progress the service qualities. There is a need to adopt certain specific marketing strategies to survive in the present globalised environment and in the current world of competition.

Kanning and Bergmann (2009) studied on "Factors affecting customer satisfaction in the German retail banking sector." By applying the field study method, they identified the elements affecting customer satisfaction. They perceived performance of banks and fulfilment of customer expectations to be the major elements which affect customer satisfaction.

According to **Kanojia & Yadav (2012)** a highly satisfied and delighted customer is an essential non-financial asset for the banks. The staff should adequately have sufficient training to deal with the customer on one to one basis. Many of the services like ATM needed improvement and banks should implement customer policy.

Khandare, Mohan and Rode (2008) stated that every interaction with the customer would be an opportunity to make a positive impact on him. When competition in the market was tough, the best way for survival would be in constant touch with the customers.

Kothari (2011) viewed that retail banking offered vast opportunities for growth and at the same time had challenges, which were discouraging. The success of retail banking is contingent on the ability of banks to create the usage of these opportunities and challenges profitably. The effectiveness of operations and the use of technology would afford the modest strength for success in retail banking.

Krishnamurthy (2006) stated that ombudsman was a friendly forum. Its primary objective was to increase the number of satisfied customers. Maintaining a good relationship with the customer should be the major focus of the service industry.. The ombudsman had been serving its purpose within the inherent limitations of the Banking Ombudsman Scheme formulated by the RBI in 1995 and had found solutions to cases presented before it within a month.

Kumar (2003) in his study "The growth drivers of retail banking and analysis of associated risks" viewed that banks would analyse the portfolio of the retail loan at the specified intervals periodically in an organised manner for recogniing the risks and improving the strategies for the decrease of risk.

Kumar, A (2006) in his study entitled "Retail banking-its socio economic impact" argues that retail banking has failed to improve the socio economic conditions of retail loan customers.

Kumar P (2009) in his article titled "Customer relationship management in retail banking" highlighted that Customer relationship management was especially useful for giant banks like SBI. For CRM to be accurately operative, it needs a well thought out initiative involving people, strategy, technology, and process.

Kumar and Sankar (2011) compared the performances of new generation banks in India. During the periods of slow- down in the growth of credit, the private sector banks have been able to perform better on account of the retail lending. The competition in the field was very high, and the customers were promoted by it in the form for giving the better quality of the service, product innovations, and better bargains. The retail segment has tremendous growth.

Lakshmi and Manoj (2014) in their study,on "Inclusive Growth and Significance of Gramin Banks in India: A Study with a focus on Kerala Gramin Bank" have analyzed the relevance of RRBs in India in the era of modification for accelerating the pace of financial inclusion, the prospects and issues of RRBs etc. with a center of attention on the Kerala-based RRB viz. Kerala Gramin Bank (KGB). Strategies have been suggested for the more effective functioning of the RRBs, to enhance the usage of ICT for better competitiveness and operational efficiency as one among the proposed strategies.

Laxman (2006) in his article "Retail banking, small and beautiful dimensions" identifies the convenience of the customers, excellence in processing and cost-effectiveness as prime factors responsible for the success of retail banking.

Lemma and Rajan (2017) examined the influence of electronic banking products on the satisfaction of the customers of the commercial bank in Addis Ababa and Trivandrum cities. Owing to the development of an international economy, the products of electronic banking have gradually become an unavoidable tool of business strategy in banking and a strong catalyst for customer satisfaction. The main purpose of the study was to associate the impact of e-Banking products, which based on customer satisfaction amid the customers of Trivandrum and Addis Ababa city. The descriptive study gathered the data through document analysis and questionnaires. To accomplish the objectives of the study, used mixed sampling techniques with the sample size (n = 835). Data collected by structured questionnaire was an analysis of inferential statistics. The significant results were that the e-banking products have a noteworthy alteration in customer satisfaction on Trivandrum than Addis Ababa respondents. Based on these findings, conclusions were drawn, and some possible recommendations were made.

Leornard (2010) explained two rules regarding customers. Rule number one: the customer is the right, Rule number two: if the customer is wrong, see the rule number one.

Manoj Kamar and Joshi (2008) in his article entitled "Customer service in retail banking in India" discussed various service aspects of Indian banks in retail banking. He found that through the use of modern technology, they grant excessive standard and quality customer service and this helped them to succeed in the aggressive world of retail banking.

Mansanagabushanam (2012) stated that it is necessary to adapt themselves to satisfy the needs of young customers. The reliability of public sector banks is high, but tangibility is low. He suggested that public sector banks kept trust and improve other aspects of service quality. Foreign banks hold themselves ahead in all aspects concentrating on service quality. The large database should create element of trust and reliability culture that would bring in more and more customers.

Middleton (2010) observed that a critical factor in banks' success depend upon the customers trust in strong banking brands than technology. This is likely to make a critical difference because newcomers have the technology but not brand strength. He identified banks from six areas that needed attention to become successful blending. This can be attained by banking technology and marketing skill, employing of CRM building integrated multichannel business, building and developing the brand, world-class enabled business processor and systems and developing the capability for continuous product innovation.

Mishra and Tandon (2011) studied on "Customer-centric approach towards retail banking services" discovered that the important element affecting consumer satisfaction in retail banking was service quality. The customer retention can be ensured only through the excellence service quality.

Mittal and Pachauri (2013) in their study on promotional strategies and tools implemented for retail banking compared to the private and public sector banks. Their finding is that the understanding of customers about the type of promotional tools and the strategies adopted significantly vary amid public and non-public sector banks.

Mosahab (2010) tried to elucidate the association of three variables of service quality, customer loyalty, and customer satisfaction to describe the replacement conditions and phenomena, considerably the present circumstances which may helped in the decision making process. Fivefold dimensions of quality of the service and also in total, customers 'expectations are beyond their perceptions of the bank performance. The findings of this research display that all five fold dimensions of the quality of the service. Sepah Bank's performance was recognized as exceeding the average limit on the frequency of the client visit, but its service quality does not satisfy customers' expectations. Also, it was predictable to which the quality of the service would be one of the determining factors of loyalty and satisfaction. But the essential factor is that there is a considerable relationship between processed dimensions and satisfaction and loyalty. This factor is vital because although the closing output may also not fulfill customer's satisfaction, it does not necessarily mean customer's dissatisfaction. In fact, the service encounter plays a significant role in a customer's loyalty and satisfaction. The findings of the study revealed that the manager of the bank should try to decrease the gaps in the first step gradually, and should endeavour to make this as a definite e gap, and also to surpass the expectations of the customer, in the next level.

Mukharjee (2009) stated that the present-day customers wanted the products to be individualised so that their particular needs and expectations are met. The anticipation of customer needs with the capacity to surpass them were becoming indispensable for the success of business in banking and insurance sector.

Mukhopadhy (2011) opined that retail banking in India has been fast emerging as one of the principal drivers of the overall banking industry. Retail banking has shown much increase in the recent past. The strategies adopted by banks in retail banking are changing fast as the banks are following a combination of natural growth, acquisition, and alliance.

Muraleedharan (2008) opined that bank deposits play a significant role in running a banking industry. The deposit mobilisation is the most significant service rendered by commercial banks. The survival and development of banks are mainly influenced by their ability to attract deposits from different segments of the community rather than the volume of capital resources.

Murthy (2003) in his study assessed that the banking industry has extraordinary competition particularly in the retail sector of India. To survive In this competition, the banks become more effective.

Muthumani and Praveena (2012) stated that customer satisfaction is the primary objective of the banking industry. The banks must adopt e-CRM-customer centric approach; products should be revised for the customers.

Nair (2006) opined that Indian banks innovate and grow for facing the new situations of technological tendencies in the banking sector. Modern customers are not satisfied with traditional banking services and products.

Narayana Murthy (2003) in his article Reinventing Banking in India was of the opinion that banks can leverage technology to reinvent them and make the customer feel the difference. He reminds the bankers that the technology is here in India and the banking industry is vibrant and active. The climate for business transformation has never been better.

Ndubisi and Wah(2005) studied the "Factors affecting customer satisfaction in the Malaysian retail banking." .", they pointed out five vital elements of customer satisfaction that included communication, competence, trust, conflict handling, and relationship quality.

Nishit (2012) in her comparative study on private sector banks in India analyzed the overall performance of six major private sector banks during the period 2008- 09 to 2009-10. She founded that the maximization of the profit and maximization of the wealth are the main apprehension for banks. The private sector banks play a significant role in the economic development of the country. The study also contained the profitability analysis of the sample banks, which can be used as a basis for investment decision by the investors.

Nishith, Enid and Devaraj (2011) in their article "Retail banking the new buzzword of today's banking" subscribed to the view that the retail banking has challenges along with the tremendous opportunities. The capability of banks to meritoriously encounter the problems of retail banking and practice the profitable opportunities will regulate the growth of banking. The efficiency of operations and the adoption of technologies helped banks to compete with other players in the retail banking business.

Paritosh and Kavita (2012) in their research paper on "The impact of customer satisfaction on retail banking" concluded that the ATM, net and branch office are the popular channels used by retail banking customers. The economic crisis has not affected the trust and relationship of customers with their retail banks.

Pathak (2003) aimed to identify "The economic processes of new generation sequestered segment Indian banks." IndusInd Bank, Centurion Bank, HDFC Bank, ICICI Bank, and UTI bank selected for economic investigation for five years from 1996-97 to 2000-01. Their economic presentation is considered under four several limitations – financial, operating, profitability and productivity. He assumed that the workings of all banks were acceptable, but HDFC bank comes at the highest correctly followed by ICICI bank.

Paul (2012) pointed out that technology had greatly influenced the bank customers encouraging them to conduct banking innovatively. They have good awareness regarding ATMs and credit card than mobile and internet banking. Further, inconsistency in the awareness of ATMs is less among the three groups of bank customers and the different age, income groups, and education whereas for all other e-banking delivery channels, the inconsistency of awareness was great amongst diverse categories. Further, it is revealed that variability of adoption of all the selected e-banking products is high among the three groups of bank customers where new generation bank customers are ahead of Kerala based scheduled bank and nationalised bank customer.

The focus of **Prakash's (2006)** comprehensive study on "Growth of retail banking in India" is the development pattern of Indian retail banking. Her argument was that even though the growth of Retail banking in India is very small compared to world standards, the growth and development of retail banking is a vital milestone in the improvement of the Indian banking sector. She also found that the performance of private sector banks is better than the public sector which counterparts the development of retail banking.

Praveeth (2007) in his article "Perceptions of customers on retail banking" points out that the clients of each public and personal sector banks are satisfied with many elements but are dissatisfied with areas like holiday duration granted with the aid of banks and insurance plan coverage.

Primal (2000) came with the concept of customer satisfaction as the centre of the marketing concept of the working organisation but not for the profitable organisation. He observed that the philosophy of customer satisfaction calls mainly for the strategic focus on the part of Indian companies to deliver real-time, every time customer satisfaction to their actual and potential target.

Pushpangadharan (2002) investigated on "The quality of customer service in public sector banks" also displayed that private sector banks are better in customer service. The customers of public sector banks are not much satisfied with branch managers' and employees' attitudes. In the case of feedback system from the customer and redressal of grievances, the public sector banks are not effective.

Puthukulangara, and Moses Daniel (2014) stated that private sector banks do have a better initiative on CRM. The public sector banks have a significant focus on the aspect of CRM and also need to try the maximization of profit to sustain in the highly competitive market environment. The public sector banks need to focus on customer general services and other key CRM parameters like Cross-selling, Customer retention, Customer referrals, and Customer empowerment by-product customisation.

Qamar (2003) " He found that the efficiency of foreign banks and new private banks is better though marginally than the old private sector banks and public sector banks.

Rajan (2014) stated that banking institutions should use information and technology to their fullest. It is a necessity because banks provide finance to the enormous needs of the real economy.

Ram and Addanki M (2009) stated that one of the prominent challenge faced by the banking sector would be customer retention. The efforts of the banks in creating and implementing client services in a friendly way have to be cost-effective, secured and penetrating. Banks must focus on technological advancements and human relation management, rather than looking out for avalid complaint redressal system. They also must focus on minimising complaints at the micro level and maximising retention at the macro level.

Ramachandran (2008) stated that to sustain the growth in innovation and to position themselves in the banks should adopt at least four necessary strategies as to focus on core strengths, to optimize the prospective customer relationship, to exploit available good workforce, and give due acceptance of technology that would be the artificial success factor for the customer management.

Ramola (2005) in his article opined that Indian banking industry can attain the international level through the growth of retail banking. Innovative products which satisfy the needs of the individuals can be developed after conducting market research. Regulations are implemented to decrease Non Performing Assets.

Rao (1982) conducted a surveyin 2 towns and 10 villages of East and West Godavari districts of Andhra Pradesh. He studied the influence of different kinds of advertisement and personal selling in the deposits and mobilisation of banks. It was detected that the advertisements from diverse forms of media have imperfect impacts over the customers regarding opening the current account. The personal selling was less operative than an advertisement in encouraging customers to open the current accounts. But in rural areas, particular vending was more effective than the advertisement. Similarly, compared with the range of fixed depositors in urban and rural areas are mostly encouraged by personal selling and publicising was not operative in the mobilization of banks. It was also established that among urban customers, their relatives and friendshad more impact than the person who works in bank although rural customers were regularly encouraged by managers of the branch and other staff of the bank.

RBI (2012) stated that providing efficient and hassle-free banking services have been one of the important priorities pursued by RBI.

Revathy (2012) in her article views that retail banking has a greater scope of generating profit than the traditional banking. Banks have identified the gap and started to adopt a different approach in the design of retail banking services and products to hold the shares in the market.

Rudra SenSarma (2005) in his study on “The cost and profit efficiency of Indian banks during 1986-2003”. During this duration the cost efficiency of the banks multiplied but the profit efficiency decreased. Compared to overseas banks, domestic banks are observed to be extra efficient concerning cost and profit.

Sebastian (2016) studied many public, as well as private sector banks, have introduced a mentoring program as part of their HR practices to build skills and required competencies in an employee. This article envisages the career outcomes of a mentee from the mentee's perspective. This study envisages the relationship between mentoring and career outcomes (career satisfaction and job involvement) among select commercial bank employees in Kerala. Responses from 132 employees were analysed using simple regression test, and it is identified that mentoring helps in predicting career satisfaction and job involvement.

Selvam and Nanjappa (2010) stated that e-banking facility was inevitable to attract and retain the customer. The reach of banking in India to every individual is possible because of computerisation process. IT has not simplified the operation, but it has also given considerable comfort to an individual who does not have a good knowledge of IT. He suggested that banks should take the necessary steps to create awareness about e-banking to all types of customers, to all income group customers.

Seshaiah and Narender (2007) identified various factors affecting customer's choice in their study on "Factors affecting customer's choice of retail banking." They identified different factors affecting the choice of banks through a survey. They are size and strength, the safety of deposits, accuracy, the speed of delivery, general survey quality, proximity, security of environment, price & services charges, cordiality of staff, product packaging, peer team impression, common public impression, friendship with staff and advertising and marketing and publicity. They concluded that in order to gain their corporate mission via customer orientation, retail banks need to reorganize their activities.

Sheena (2016) illustrated that the Indian financial system is witnessing stellar growth over the last few years. There have been speedy developments in infrastructural and business front during the growth period. Internet adoption amongst people has been increasing over the last decade. Indian banks have also risen to the occasion by providing new channels of delivery to their customers. Customer acceptance for internet banking has been not at satisfactory level. In this study, they tried to conduct a qualitative and quantitative investigation of internet banking popularity among customers. To conclude,it can be stated that the recommendations of the study would be useful for Indian banks in planning and upgrading their internet banking services to society at large.

A recent paper by **Shih (2016)** "Customer Relationship Automation is the New CRM" in Harvard Business Review, the author has observed that the future of CRM lies in automation and digitalisation, as it saves time, which is essential for manual data entry, decontaminating data, etc.

Shyamala (2006) in her study on "Retail banking –opportunities and challenges" has identified certain opportunities and challenges of retail banking in India. In her opinion, the growing youth population, technological developments like ATM, credit card, internet banking, etc. are the fundamental possibilities and challenges in Indian retail banking.

Singh (1983) identified some of the gaps recognised by the study in bank advertisement were:

a. The absence of a requirement in the documentation of target groups and consequential incapability to practice the segmentation strategy of the market.
b. The discrepancy between advertising objectives pursued and the schemes or services offered.
c. Disproportionate marketing mix with over emphasis on deposit and savings schemes which neglects the promotion of other customer services as well as marketing the credits.

Singh (2006) made a study on "Consumer behaviour and banking of retail products" argue that customers attitude is the important factor which leads to the the success of the housing loan scheme.

Singh and Kohli (2006) stated that the new generation banks in India are different from the traditional banks. They are the pioneers in the use of technology, utilization of manpower with expert administration and implementing corporate governance. The traditional banks follow the technology adoption of these banks to retain customers.

Singh & Tandon (2012) analyzed the financial performance of ICICI and SBI. According to the banking, the customer has more trust in the public sector banks than private sector banks.

Sivesan (2012) found out the impact of the service quality on customer 's satisfaction in banking sectors. Service quality has an impact on consumer satisfaction. Based on the study, he found out, certain tips that can be furnished to enhance the service quality in the banking sectors. The bank manager or administrative body needs to understand the quality of the primary determinants, clearly managing the expectation of the customer, educating the knowledge to the customer regarding the service.

Sreeja (2016) made a study in Thrissur District in Kerala and it was clear that cooperative banks have very much importance for national development. They are an active part in local communities with stronger commitments and social responsibilities. The SERVQUAL was useful for analying the service quality. It helped to evaluate and monitor various dimensions of statements. The customers, especially from rural areas, have come to co-operative banks with a lot of expectations. The expectation and the actual perception of customers were different, and a mismatch has existed between these two points. The quality gap was more on assurance dimension, and it was less in tangibility dimension. The cooperative banks must take care for improving service quality.

Srivastan (2012) stated that customer satisfaction attained by giving value additions to product, service and augmenting the experience involved in the buying cycle.

According to **Srujanavari (2008)** technology changed the way of bank works. To compete with the emerging challenges, banks reach out the customers directly by the innovative products. Technology changed the phase of banking which devaluates the importance of human while dealing with the technological aspects one need to be cautious about the frauds like hacking, spoof emails, publishing, and identity theft.

Sudhir (2005) in his study "Retail banking – a paradigm shift" pointed out that the potentials of retail banking in rural and semi-urban areas remain untapped. The potential customers in the rural and semi-urban areas provide opportunities for the growth of retail banking in the future.

According to **Sujatha (2007)** customer needs are the essential factor of success in any industry. Customer profiling helps the enterprise to improve a higher relationship with the customer for better understanding. User profiling applications help banks to serve customers effectively and efficiently better than the competitors.

Sujatha and Arumugam N (2013) in their study on "Customer satisfaction in the Indian banking sector" view that before introducing a variety of offerings to customers, banks need to take care of their needs. To serve customers with extraordinary occupations and instructional backgrounds banks ought to adopt strategies. There is a correlation between the pleasure of the customer and the overall performance of the banks. So it is important for banks to think about the pleasure of the customer as a relationship marketing strategy.

Tamillarasan (2008) stated that Indian banks should adopt the strategies of dynamic customer retention. Banks must realise that better customer service was acquired through the cordial relationship between acquisition and retention. The relationship among the human-enabled and technology-enabled which focused on common banking service for ordinary people which would-be served for the common man to satisfy his needs.

Taxak & Manjeetkumar (2009) stated that public sector banks provided better services to their customers than private sector banks. The customers of public sector banks are more satisfied with traditional banking services whereas customers of private sector banks are more confident with counter service.

The study of **Singh and Kaur (2011)** has its focus on the factors that affect customer satisfaction in selected Indian universal banks. They identified seven factors that influenced customer satisfaction namely employee responsiveness, positive word-of-mouth ,competence, appearance of tangibles, social responsibility, service innovation and reliability. The variable social responsibility, positive word-of-mouth, and reliability have major influences on the overall satisfaction of the customers.

Thomas (2007) opined that in any consumer industry, should have a system of measuring the customer satisfaction as well as the needs of the customers which changes according to the variation in time and also to design their marketing strategies, because the customer is the king.

Uppal (2006) in his study on the "Survival of public sector banks in the post LPG era" analysed the profitability of SBI and its associates, nationalised banks, new private sector banks and foreign banks in the post-reform era. He found that there was a significant difference in the profitability of most important bank groups. Foreign banks have the highest profitability. It is also located that the lower profitability of public sector banks is due to the bad effects of burden.

Uppal (2008) in his study held that the banks are not following the cardinal principles of lending in distributing the retail credit. Banks can succeed only through aggravating and emphasising various retail credit activities.

Uppal (2009) in his paper on “Retail banking strategies in the liberalized globalized era “viewed that Indian banks have to provide extra attention to retail banking activities. Banks have to increase the product line, pick out new delivery channels, develop better marketing structures and techniques and service quality so that the satisfaction of the customers can be enhanced.

Uppal (2011) in his study stated that as e-channels provided time and cost-utility, customers prefered them. His stance was that public sector banks have the least growth in terms of the number of customers. The financial productivity index has decreased in new private sector banks. The productivity index of employees, branch, and the bank is increased in all bank groups.

Uvais and Sulaiman(2017) in their paper tried to develop a model for the patronage intention of the customer in commercial banks concerning the aspects of service quality provided by the banks and the perception of the customer too.

Vaudevan (2001) observed that collaborative workflows and advanced technologies at bank branches would prompt customers to engage bank personnel in advisory discussions on personal finance, which leads to the upsurge of business. Unless banks can deliver new and premium value to their customers to address emerging needs, other industries will step in.

Venugopalan (2006) stated that the banking sector in India increasingly realizes the importance of the customer as an asset. Continuous efforts are being made to improve customer relations and reduce customer turnover, and it is essential to simplify banking services. The task of the bank manager is to understand the customers and focus on what is important to him. Insightful and in-depth knowledge of the customers will be the key strength for staying.

Vidhya and Ramachandran (2012) opined that Value-added services are undeniably a central service provided by banks in today's fast Changing and global scenario. Thus Banks no longer stay glued to their chairs waiting for customers but engage in personal selling and aggressive advertising to satisfy and retain their customers. The study reveals that there are massive opportunities and also the challenges for Value-added services delivered by the Indian banks. It is found that due to the significant change in the demographic profile of customers and the technological innovations, there is enormous market potential lying ahead. This study acclaims among others that Banks should design new products as well as improve on the existing Value-added services provided. They should make the packages more attractive and if possible unique. They should ensure that the 4Ps (products, place, promotion, Price) of Value-added services are customer oriented. The study revealed that there were massive opportunities and the challenges for Value-added services provided by Indian banks. Hence, Banks must concentrate on the needs and demands of various customers depending on their requirements. Various small modifications in the products marketed must be ensured so that all sections of the society will be benefited from it. The Banks need to prepare themselves with internal capabilities and build efficiently. Technology planning must integrated well with the organisation's marketing strategy.

Vijayarathnam and Sugunakumari (2005) opined that in this competitive world, banks should focus on the satisfaction of the customers. It can achieved by providing customised services and innovative ways of delivery etc. Service culture is to be developed among the staff.

Vinayagamoorthy (2011) stated that the rise of internet banking is redefining the business relationship with the customers. The international scope of internet banking affords new perspectives on growth in internet banking.

Virk, Prabhjot and Kaur Mahal(2012) opined that the duration of time that a customer spend with his relationship officer or manager is very important. Relationship among the customers with manager/customer relationship officer affects customer satisfaction. Private banks managers are ahead of public banks in making the relationship with their customer thus winning their achievement. This can be accredited to the fact that today larger client base in India is banking with Private sector banks as compared to Public sector banks.

Vyas and Dhade (2007) who performed a study on "The impact of new private sector banks on State Bank of India" observed that the new private region banks are not a hazard to the SBI at present, however the situation might also change in future. The SBI with a vast network of branches and presence can compete with these banks at present.

Yeole (2004) studied "Problems of NPA" in her opinion , the public sector banks are facing NPA problem more frequently than the foreign and private banks. The NPA of public sector banks is increasing due to the internal and the external factors which affect the liquidity and profitability of the banks adversely.

Zhou's (2004) study is on "The dimensions of customer satisfaction in the Chinese retail banking." The features contributing to customer satisfaction are determined using the model of SERVPERF. Her study opined that responsiveness or empathy of the employees, assurance or reliability from the bank and perceptibility of services are considered as the essential features affecting the satisfaction of the customer post-purchase behaviour such as praising, complaining, increasing/decreasing loyalty, attitude& brand switching.

2.3 Reviews Related with Loyalty Programs

Customer loyalty programs are formal marketing membership activities that reward, and therefore encourage, loyal behaviours. Loyalty programs seek to bond customers to a brand/firm by offering incentives for customers to remain customers, thereby positively influencing commitment to the brand/firm. Depending on the firm's philosophy and goals of the program, loyalty program membership can be automatically offered to all customers or only to certain customers who qualify for membership.

Barnes (1994) Stated that a firm's implementation of a loyalty program as a promotional tool that can represent shifting of promotion funds away from broad advertising and towards more direct promotion.

According to their **Benavent, Crie, and Meyer-Waarden (2000)** loyalty programs serve as an alternative to mass-market promotion since practicing firms have the ability to more precisely target a fragmented customer base, such as targeting promotional events to particular customers.

Business Week (2000) stated that in addition to economic concerns, some firms (e.g., Wal-Mart) are philosophically opposed to treating some customers differently than other customers.

Chrisman, Hoffer, and Boulton (1988) said that through the capture and integration of transaction data with customer demographic, geographic, and psychographic data, including activities, interests, and opinions, loyalty programs may support the facilitation of practicing mass customization. More precise customer segmentation creates the opportunity to offer different bundles of rewards and incentives.

Ehrenberg, Hammond, and Goodhart (1994) opined that customers accumulate equity in the sponsoring brand/firm and switching costs are formed as customers become more immune to competitor offerings. Conversely, when a sales promotion ends, customers are again more likely to revert to previous behaviours.

Gillani and Abdul (2014) researched in their paper that, perceived value and service quality are important determinants to create customer satisfaction and trust. The strong positive correlation of customer satisfaction and customer loyalty means that the bank customers will recommend the bank to other people. There is a direct relationship between overall service quality and satisfaction response, the banks should not overlook the importanceof ofquality, whenever the quality improvement efforts are oriented to meet the customers' needs.

Johnson and Leger (1999) indicated that utilization of a firms core offerings as rewards can be a source of incremental revenue gain without sacrificing perceived brand image. However, rewards usually are not just limited to sponsoring firm's offerings and often include unrelated brand goods, discounts, and gift certificate.

Kim, Shi, and Srinivasan (2001) in his opinion, through the separation of economic variables, firms are essentially transferring customer value from nonparticipants to loyalty program participants as they give preferential treatment to a certain group of customers. Note that loyalty programs are chiefly aimed at the heavy user segment of a particular product or service, and thus heavy users often stand to gain the most from a loyalty program. In contrast, light users generally do not benefit from loyalty programs. In most cases, heavy users stand to be better off at the expense of light users. Hence, the light-user segment stands to lose when a loyalty program is offered as additional benefits are achieved at the expense of the light-user segment.

Lovelock (2001) mentioned that loyalty programs have their roots in the grocery industry, the present prototype loyalty program model came from the airline industry when American Airlines introduced its frequent flyer program in 1981. Advantage presently is the largest loyalty program in the United States, with 43 million members. After the introduction of the A Advantage program, other airlines quickly followed suit and more than 50 airlines now offer frequent flyer programs, including Northwest, United, Southwest, Delta, Continental, Air New Zealand, and British Airways.

Petrison, Blattberg and Wang (1997) stated that a growing number of firms are utilizing loyalty programs to build sophisticated customer databases that used to manage the customer portfolio and to calculate customer lifetime value, customer share, and customer profitability.

Peppers and Rogers (1997) stated that a firm's adoption of relationship marketing theory demands mass customization, which means the customization of goods, services, and messages for micro segments, and in some cases, to market segments of one.

Sharp and Sharp (1997) opined that loyalty programs can be distinguished from other marketing efforts, such as sales promotions and advertising campaigns, in that loyalty programs tend to have a longer-term orientation and are thought to be the only marketing initiative which explicitly focuses on changing the repeat purchase patterns of buyers.

Schultz and Bailey (2000) stated of loyalty programs counter-argue that firms are compensating their customers for sharing information about themselves and that it is usually the prerogative of customers to participate.

Rust, Zeithaml, and Lemon (2000) opined that the primary strategic purpose of some loyalty programs is to function as the major vehicle from which to gather data that can improve the efficiency and effectiveness of a firm's overall marketing efforts.

Rizwan Ali (2014) indicated in their paper that service quality, trust, and reputation have positive influence customer's loyalty. customer loyalty starts from positive relations between service quality and factors such as reputation and trust. Improvement in service quality leads to an increase in customer loyalty. Authors further added that service quality should be given more importance while formulating strategies for developing customer loyalty.

Roehm, Pullins, and Roehm (2002) states that inconsistent results of loyalty programs have led researchers to recently remark that “which organizations, under what conditions, and at what times (loyalty programs are effective) remains something of a mystery.

Uncles and Laurent (1997) States that during the past decade, the use of loyalty programs grew exponentially in the United States and throughout the world. The popularity of such programs knows almost no bounds.

Velouston and Cleopatra (2004) in their research have examined the corresponding part of specific drivers of bank loyalty. The study showed the relations of the perceived quality satisfaction, image, loyalty and commitment in Greek retail banking. The study also shows that the image has a very good impression on perceived quality, satisfaction. The critical feature that leads to loyalty is the personalization in providing the services to customers which support to upsurge the satisfaction of the customer.

2.4 Research Gap

In this chapter, researcher discussed about various reviews related to banks, customer satisfaction and loyalty programs. From these reviews the researcher understood that customer satisfaction is an important part of any organisation. Reviews related with loyalty programs showed that loyalty programs boost the customer satisfaction and customer retention. Then the researcher identifies the research gap. There are various studies conducted in customer satisfaction as well as loyalty programs. But so far no study has been conducted in the impact of loyalty programs on customer satisfaction in commercial banks.

2.5 Conclusion

This chapter discussed about various reviews related with customer satisfaction and loyalty programs. It also provides reviews related with different variables used in the study. It is very beneficial to future researchers. This chapter also identify the research gap.

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CHAPTER III

THEORATICAL FRAMEWORK AND HYPOTHESES FORMULATION

CHAPTER III

THEORETICAL FRAMEWORK AND FORMULATION OF HYPOTHESES

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3.25 Customer Satisfaction and Loyalty

3.26 Conclusion

3.1 Introduction

The second chapter detailed about various literatures in the related area of research and based on these evaluations the researcher recognized the variables and the research gaps. In order to get greater knowledge, theoretical base is necessary. Thus, this chapter deals with the theoretical framework of research. It includes loyalty programs, customer satisfaction and Kerala banking.

3.2 Loyalty Programs

Customer loyalty programs are formal marketing membership activities that reward, and improve loyal behaviors. Some loyalty programs offered to all the customers without any restrictions. Some of them are only for certain customers. This mainly based on companies policies, often based on cumulative purchases of a given product or service from a firm. Loyalty programs are a promotional tool that provides customers with added incentives to continue their marketing relationship with the firm.

Loyalty programs can distinguish from other marketing efforts, such as sales promotions and advertising campaigns. In that loyalty programs tend to have a longer-term orientation and are thought to be the only marketing initiative, which explicitly focuses on changing the repeat purchase patterns of buyers

As customers accumulate equity in the sponsoring brand/firm, switching costs are formed as customers become more immune to competitor offerings. Conversely, when a sales promotion ends, customers are again more likely to revert to previous behaviors.

3.3 History of Customer Loyalty Program

Customer loyalty programs are not new, having first originated in the United States more than a century ago in the grocery industry through the introduction of S&H Green Stamps. In 1938, the Gold Bond Stamp Company joined S&H and these two became the most dominating trading stamps programs. Over the years, loyalty programs gained widespread appeal as a retailer marketing strategy designed to create and build customer loyalty. Industry studies report that more than 9,000 supermarkets in the United States employ a loyalty program and that the majority of U.S. households participate in at least one grocery retailer loyalty program {Food Marketing Institute 2000).

Introduction of loyalty programs are from the grocery industry but the present type of loyalty program model came from the airline industry when American Airlines introduced its frequent flyer program in 1981. AAdvantage presently is the largest loyalty program in the United States, with 43 million members. After the introduction of the AAdvantage program, other airlines quickly followed suit and more than 50 airlines now offer frequent flyer programs, including Northwest, United, Southwest, Delta, Continental, Air New Zealand, and British Airways. The cost of operating a frequent flyer program is estimated at between three and six percent of an airline’s revenue (Lovelock 2001).

During the past decade, the use of loyalty programs showed a tremendous growth in the world. More than one-half of all U.S. households belong to a loyalty program, and the average U.S. consumer participates in 3.2 programs. More than 80 percent of U.K. customers have joined loyalty programs, with 52 percent participating in two or three programs (Harte-Hanks 2000). Another study reports that 70 percent of U.S. shoppers participate in customer loyalty programs {Marketing News 2001). The diffusion of loyalty programs as an integral marketing strategy presently includes many of the leading companies across a broad spectrum of industries, including: credit card issuers , consumer goods , food retailers , restaurants , department stores, drug stores, a host of specialty retailers hotels, automakers , car rental companies , Internet based firms , telecommunication firms, and entertainment firms .

Continued deregulation trends in such commodity-based industries as local telephone service, electricity, cable, and other utilities are predicted to lead to an increased usage of customer loyalty programs, as firms compete for customers. The mainstream acceptance of loyalty programs has resulted in the creation of a new type of currency. Typically, promotional currency comes in the form of accumulated points, generated from specific customer purchasing activities that then can be exchanged for rewards. A common characteristic of loyalty programs is to offer customers a wide selection of reward alternatives through multi-tiered or multi-type loyalty programs. Greater flexibility and choice improves customer commitment to the program.

Since firms representing different industries often share many of the same customers, loyalty programs frequently adopt multiple branding schemes, where customers are able to combine and transfer program benefits. Multiple participant loyalty programs offer increased customer value by accommodating a broader scope of business while also sharing program costs (Swaminathan and Reddy 2000). Participants of multiple participant loyalty programs typically align themselves with strategic partners who are perceived to possess complimentary brand images. Multiple brand loyal programs can occur between firms or within a corporate conglomerate, with the latter serving as an enterprise-wide program of a customer's total marketing relationship with an organization.

Despite the current plethora of loyalty programs, some researchers remain unconvinced about their effectiveness in generating and sustaining customer loyalty, and thus take a critical view that these programs are a drain on firm resources and actually add little to firm revenue and profit streams (Barnes 1997; Kearney 1990; Newell 2000; O'Brien and Jones 1995; Uncles 1994). One empirical analysis of Australian loyalty programs found weak excess loyalty effects, though some have demonstrated substantial returns and that in these minority cases the excess is observed among individuals who participate in the program as well as those who do not participate (Sharp and Sharp 1997).

Review of Contributions of Loyalty Programs to the Firm Improving customer loyalty is not always the ultimate objective behind a firm's desire to use loyalty programs. Instead, the primary strategic purpose of some loyalty programs is to function as the major vehicle from which to gather data that can improve the efficiency and effectiveness of a firm's overall marketing efforts (Rust, Zeithaml, and Lemon 2000).

A properly designed loyalty program facilitates the collection of critical marketing information. Loyalty programs are used by marketers to capture demographic, geographic, psychographic, transaction, contact, and contextual data about customers, and hence, often provide the data infrastructure necessary for firms to interact with customers for more profitable, longer-term relationships. Many first-generation loyalty programs are built on mainframe systems capable of gathering enormous amounts of data. While the benefits gleaned from increasing a firm's level of customer orientation through loyalty programs can be rather substantial, the required resources were historically viewed as too high a tradeoff for most firms. As technological advances have made database management more affordable and transactional data has become more accessible, it has become more practical for more firms to engage in loyalty programs (Berry 1995; Hanifin 2002; Kivetz and Simonson 2002; Shani and Chalasani 1992). A growing number of firms are utilizing loyalty programs to build sophisticated customer databases that are used to manage the customer portfolio and to calculate customer lifetime value, customer share, and customer profitability (Petrison, Blattberg, and Wang 1997). Armed with detailed customer intelligence, firms are in a better position to make strategic marketing decisions, such as effective allocation of sales, marketing, and service resources to enhance customer relationships, particularly with the firm's most valuable customers. More specifically, sophisticated loyalty programs hold the potential to play a strategic role in more targeted interactive marketing campaigns, customer profiling, merchandising, inventory management, store trend analysis, and site location studies (Gordon 1998; Gronroos 1996). By profiling customers who actively purchase certain bundles of products and services and comparing that data against customers who only purchase a subset of those products, loyalty program databases can be utilized to indicate which customers are the best prospects for specific products and services. Firms also might be able to identify products that are in relatively low demand, yet be in demand from several of their most important customers.

As firms, embrace the relational marketing concept, their focus shifts from being product-driven to customer-driven (Berry and Gresham 1986; McGahan and Ghemawat1994; Schultz and Bailey 2000). Instead of the supply chain dictating which products supplied, proponents of a customer-focused orientation are concerned with the demand side of the equation.

A firm's adoption of relationship marketing theory demands mass customization, Mass customization serves as a tool for building loyalty. (Gilmore and Pine 1997). The customer category management approach suggests that firms personalize the experience for each of their customers, including different goods, services, and prices, based upon value to each individual customer.Information collected on the Internet allows firms to more efficiently process purchases, confirm customer orders, customize content and layout, notify customers about new product and services updates, and provide customers with other potentially useful marketing information. Firms can link demographic and psychographic data to transactional data to glean insights about customer purchase histories, shopping preferences, potential behavioral motivations, and leverage that knowledge throughout the organization to make integrated customer-centric business decisions.(Sheth, Sisodia, and Sharma 2000).

3.4 Benefits of Customer Loyalty Programs

1. Increase revenue: Increasing customer retention helps raise profits in reality due to the fact that loyal customers already have confidence in company and therefore are probably to spend more.
2. Save money: While developing and enforcing loyalty software is an investment, purchaser retention techniques are regularly much less luxurious than attracting new customers.
3. Gather precious data: Most of the present day sellers opt for a personalized experience by encouraging customers to fill out profiles as phase of loyalty

program. Thus the company can get the records so it can now not solely personalize purchaser experience, however to additionally create centered advertising campaigns, expand bond with customers, and even implement referral program.

4. Make customers sense appreciated: A comprehensive, personalised loyalty program will make customers appreciate as they have an emotional connection with brand and will extend customer patience in case of mishaps. Companies can enlarge understanding through incorporating "surprise and delight" points or rewards for unique activities such as a customer's birthday.
5. Increase sales: By personalizing the customer via gathered data, organizations can make better pointers to customers, which will then increase the probability that clients will purchase a suggested product.
6. Better communication: Loyalty programs provide a direct way to talk to customers, which can be especially useful in an emergency such as a recall. By matching purchase dates, companies can electronic mail applicable clients about a recalled product rather than sending out a generalized e-mail, which will be ignored. In addition, firms can utilize their loyalty application to promote sales, extraordinary events, and exhibit new products.
7. A precise program is self-sufficient: While it takes a bit of work to structure a robust loyalty marketing campaign and to find the software program that matches its needs, the program itself is self-sufficient.
8. Attract new customers: An excellent reward application can appeal to new clients in numerous ways. First, if offer points or reductions for signup, it will routinely be able to add new customers to mail lists due to the fact customers want to take benefit of discounts. Meanwhile, if a customer sees an exact loyalty

software where rewards are inside reach, they are greater likely to strive company really because the rewards are accessible without problems.

9. Satisfy existing customer.

   Loyalty programs improve the satisfaction level of current customers and they become more loyal to the company.

3.5 Arguments Related with Loyalty Programs

Proponents of loyalty programs argue that such programs serve as an alternative to mass-market promotion since practicing firms have the ability to more precisely target a fragmented customer base, such as targeting promotional events to particular customers (Benavent, Crie, and Meyer-Waarden 2000). Hence, a firm's implementation of a loyalty program as a promotional tool can represent a shifting of promotion funds away from broad advertising and towards more direct promotion. For some customers, it is an undesirable tradeoff to provide personal information in exchange for stronger and potentially more beneficial marketing relationships (Barnes 1994; 1997; Fournier, Dobscha, and Mick 1998). Some consumer protection advocates believe that it is fundamentally unfair to require customers to share personal information in order to qualify for additional benefits, even accusing practicing firms of penalizing nonparticipating customers for maintaining their privacy by foregoing customer loyalty program membership (Introna and Pouloudi 1999; Larson 1994).

Proponents of loyalty programs counter-argue that firms are compensating their customers for sharing information about themselves (Schultz and Bailey 2000) and that it is usually the prerogative of customers to participate. Ultimately, a customer's decision to participate is based on how much trust is placed in the firm.

Many firms provide written assurance that every individual customer information collected is kept confidential and will not be sold or transferred to an outside party. Sharing information with unauthorized third parties betrays the basic trust between the firm and its customers — trust which is rarely, if ever, regained.

The researcher has studied the impact of loyalty programs on customer satisfaction of Kerala Based Commercial Banks. So it will be appropriate to have an idea about the history of Kerala banking.

3.6 History of Kerala Banking

Kerala has an enviable history of banking. Kerala had to its credit a very conducive climate for banking development right from historical times. When there were only five banking establishments in the whole country during the nineteenth century, one was in Kerala viz. Nedungadi Bank established in 1899, in Calicut (Kozhikode). Private banking often occupied a very significant place in the financial system of Kerala.

The two prominent categories of indigenous bankers in Kerala were Private money-lenders and Hundi merchants. The activities of these indigenous bankers were mostly concentrated in regions like Thrissur and Thiruvalla. Tamil Brahmins who were Hundi merchants undertook early dealings in money matters in Thrissur. Another very significant feature of the history of the financial system in Kerala is the prominence of a large number of Chit Finance companies since historic times. This traditional mode of financing represents the earliest form of crude banking, and even at present, these companies exist in Kerala in a significant manner.

The growing demand for money and credit for productive activities could not be met by the traditional financing. So organized form of banking emerged. The Nedungadi Bank was started by Sri. Appu Nedungadi in 1899, is the first bank in Kerala. The first registered bank in Kerala was the Travancore Permanent Funds. Travancore Bank Ltd. based at Thiruvalla, however, was the earliest bank established in the Travancore Cochin area. Afterwards, many enterprising people came forward to establish banking firms and by the time the new Companies Regulation of 1917 (Act I of Malayalam Era 1092) was passed.

Modern banking methods were initiated in Kerala mainly by Syrian Christians of Thrissur, who formed joint stock companies for undertaking banking business and made good progress in it. Among the early banks, all except Dhanalakshmi Bank belong to them, the most important among these being The Catholic Syrian Bank and South Indian Bank. Though the Hindu-Nair community had started The Cochin Nair Bank it was subsequently merged with State Bank of Travancore. In other Christian dominated areas also, like, Thiruvalla, Palai, and Kottayam etc. many banks were started during those days.

One of such leading banks was the Travancore National Quilon Bank. It had about 80 branches all over India. It went into liquidation in 1938. Another prominent bank was The Palai Central Bank, which met with a similar disastrous end in 1960. In spite of many such bank failures, the private banks have contributed tremendously to the growth of banking system in Kerala.

After the passing of Companies Regulation of 1917, many banks were registered under the said Act. The first to be registered as above was Ambalapuzha Christian Bank, followed by the Catholic Syrian Bank in 1918. Other such banking initiatives included Bank of Deccan (1919), The Central Banking Corporation of Travancore (1926), Kottayam Bank (1926), The Palai Central Bank (1927), Bank of Cochin (1928), South Indian Bank (1929), Travancore Forward Bank (1929), Travancore Federal Bank (later changed its name as The Federal Bank), The Oriental Insurance and Banking Union (1933), The Indian Insurance Banking Corporation (1933) and the Nanchanad Bank (1937).

The total number of banks functioning in the Travancore state increased from just 5 in 1917-'18 to as high as 274 by 1932-'33 which was the highest ever in the history of the state. A substantial number of these newly formed banks were located in the central taluks, especially Thiruvalla. During the period from 1927 to 1930, a period which coincided with the peak level of world prosperity net addition to the number of banks was of the order of about 200. The number of banks in 1929-'30 was as high as 258. This constituted nearly one-fifth of the total number of banks existing in the whole of erstwhile British India.

There are so many commercial banks in Kerala. From these commercial banks, Kerala based commercial private sector banks occupy a prominent place. Kerala based private sector banks are, Federal Bank, South Indian Bank, Catholic Syrian Bank, and Dhanalaxmi Bank. The researcher tries to analyse the impact of loyalty programs on customer s of Kerala based commercial banks..

- Federal Bank
- South Indian Bank
- Catholic Syrian Bank
- Dhanlaxmi Bank

3.6.1 Federal Bank

The history of Federal Bank dates back to the pre-independence era. On 23rd April 1931 at Pattamukkil VarattisserilTharavad, the Pattamukkil Varattisseril Brothers gathered together to discuss the necessary steps to be taken to form a bank.

The Federal Bank Limited (the erstwhile Travancore Federal Bank Limited) was incorporated with an authorized capital of 5000 from Pattamukkil Varattisseril Brother's at PattamukkilVarattisseril Ancestral Home, Nedumpuram a place near Thiruvalla in Central Travancore on 24th April 1931 under the Travancore Company's Act, 1916. It started with the business of auction-chitty and elementary banking transactions related to agriculture and industry. The home functioned as the bank office for nearly 15 years.

A lawyer from Perumbavoor named Kulangara Paulo Hormis, and his acquaintances, bought the shares and took over the management on 30th December 1944 and till 18th May 1945 Travancore Federal Bank Limited functioned at Nedumpuram under his chairmanship.The bank's name was shortened from Travancore Federal Bank Limited to Federal Bank Limited on 2 December 1949, after completing the formalities of Banking Regulation Act, 1949 between 1963 and 1970, Federal Bank took over Chalakudy Public Bank (est. 20 July 1929 in Chalakudy), Cochin Union Bank (est. 1963) in Trichur, Alleppey Bank (est 1964; Alappuzha), St. George Union Bank (est. 1965) in Puthenpally, and Marthandam Commercial Bank (est. 1968) in Thiruvananthapuram. In 1970, Federal Bank became a scheduled commercial bank and came out with its initial public offering in 1994.

In January 2008, Federal Bank opened its first overseas representative office in Abu Dhabi.In April 2015, Federal Bank posted its highest ever net profit at Rs 1005.75 crore for fiscal 2014-15. The net profit grew 20% during the year which saw the deposits and advances of the bank outgrow that of the industry by 40%.

In November 2016, Federal Bank opened its second UAE representative office in Dubai as part of a strategy to expand footprints in the Persian Gulf region to serve its fast-growing overseas clients.On 9 November 2017, Federal Bank obtained RBI approval to open representative offices at Kuwait and Singapore .

3.6.2 South Indian Bank (SIB)

South Indian Bank was registered as a Private Limited Company under the Companies Act of 1913 and commenced business on 29-01-1929 at Round South, Thrissur. The South Indian Bank Ltd. was formed by a group of 44 enterprising men of Thrissur who contributed Rs.500/ - each to the initial paid-up capital of Rs.22, 000/-. Their main objective was to serve the merchant community of Thrissur by freeing them from the clutches of the money lenders who charged exorbitant rates of interest.

The bank received very good support from the public at large. Initially, the growth was slow but steady. The number of branches opened each year testified its stability and popularity. It was included in the second schedule of the Reserve Bank of India and became a scheduled Bank on 07-08-1946. SIB was the first scheduled Bank in the private sector in Kerala to get the license under section 22 of the Banking Regulation Act 1949 from RBI on 17-06-1957.

3.6.3 Catholic Syrian Bank (CSB):

CSB was founded on 26 November 1920, well before Indian independence, and opened for business on January 1, 1921, with an authorized capital of Rs.5 lakhs and a paid-up capital of Rs. 45270/-

During the first two decades of its functioning, the Bank concentrated only in Kerala. Banks and credit institutions which proliferated especially in Kerala received a jolt and many of them came to their doom following the crash of the Travancore National Quilon Bank in 1938 followed by Palai Central Bank in 1960. During the period many small banks came to the verge of collapse shaking the confidence of the public and what followed was a process of consolidation. The strategy of mergers and amalgamations of small banks with bigger banks brought the number of banks within controllable limits, thereby making the industry's base strong. In 1964-65, The Catholic Syrian Bank Ltd took part in taking over the liabilities and assets of five small/medium sized banks in Kerala. The expansion programme initiated during these years gathered momentum in the subsequent years.

In August 1969, the Bank was included in the Second Schedule to the Reserve Bank of India Act 1934. In 1975, the Bank attained the status of "A" Class Scheduled Bank when its total Deposits crossed Rs.25 crores. The necessity of imparting training to staff looked very important and a modest beginning was, therefore, made in setting up a Training College in 1975.

In the same year, the Bank entered the field of Foreign Exchange. At a very early stage, the Bank recognized mechanization as an effective tool of management and streamlined its accounting procedures by the introduction of Data processing system. From November 1975, reconciliation of inter-branch accounts was mechanized by using IBM Data processing machines.

The decade of the seventies saw the evolution of a new culture in Indian Banking. Nationalization of banks imposed "Social Control" and imparted new ethos to commercial banking. What followed was a massive expansion of bank branches with a distinct thrust on remote rural belts. Special schemes were formulated to cater to the diverse credit needs of small-scale industries, road transport operators, agriculturists, and other self-employed entrepreneurs.

3.6.4 Dhanlaxmi Bank (DB):

Dhanlaxmi Bank Ltd was incorporated on 14 November 1927 at Thrissur city, Kerala with a capital of 11,000 and 7 employees. It became a Scheduled Commercial Bank in the year 1977. Today it has 280 branches and 398 ATMs spread over the states of Kerala, TamilNadu, Karnataka, AndhraPradesh, Telangana, Maharashtra, Gujarat, Delhi, WestBengal, Madhya Pradesh, Punjab, Uttar Pradesh, Rajasthan, Chandigarh, Goa, and Haryana.

3.7 Customer Loyalty Programs in Banking Sector

The speedy growth of banks at present makes the business in a very aggressive situation. The banks' promoting ways to satisfy and retain their most beneficial customers are changing and one among them is through Loyalty Program strategy. Today loyalty program is one among the vital components for the banks to push their products and services. Banks are using loyalty product to retain their long run relationship and to realize their potential customer. It will be useful to do a research on the customers' selective reply to loyalty program and willingness to make relationship with retail merchant in situations wherever they need numbers of loyal clients. Customer satisfaction of the loyalty program also contributed to the effectiveness of the program. This helps in building up confidence in customers towards the programs and loyalty in banking sector. Examples of loyalty programs in banks include Federal Utsav Programs ,SIB Reward programs, , Debit Card Loyalty Programs., Credit Card Loyalty Programs, Shopping Card, Cash Back Card, Rewards Cards ,Travel Card And Life Time Free Card.

3.8 Perceived Benefits of Loyalty Program

Perceived benefit refers to the perception of the positive consequences that are caused by a specific action. In behavioral medicine, the term perceived benefit is frequently used to explain an individual's motives of performing a behavior and adopting an intervention or treatment. These perceived benefits lead to customer satisfaction, commitent and trust. Customer satisfaction refers to the summary psychological state ensuing from the consumer’s prior feelings about the consumption experience. It is frequently considered as an essential determinant of repurchase intention and customer loyalty. So these are explained with the help of Antecedents of Commitment-Trust Theory

3.9 Antecedents of Satisfaction, Commitment and Trust

According to Garbarino and Johnson (1999), potential causes of trust and commitment is “a research question of great urgency for consumer-oriented relational marketing. As posited by Morgan (2000), the development of commitment and trust in marketing relationships depends on the combined presence of economic, resource, and social contents. The presence of these three relational contents binds customers to the brand/firm, and thus makes it more advantageous for customers to maintain the relationship as well as more difficult to break the relationship. Similarly, Berry and Parasuraman (1991) characterize marketing relationships by the existence of multiple bonds (financial, structural, and social) between a firm and its customers. The more bonds customers have with a firm, the more secure the marketing relationship. Adapting these seminal ideas to a business-to-consumer setting, a framework is provided to conceptually organize the multitude of variables that have been identified as important to establishing marketing relationships. Specifically, there are three distinct relational contents in the context of consumer marketing namely, economic, resource, and social. Customer loyalty programs provide participants with superior economic, resource, and social benefits. These relational contents are briefly described as well as their respective hypothesized relationships to satisfaction, commitment and trust.

3.9.1 Economic Benefit

Peterson (1995) suggests that the primary motivation for consumers engaging in marketing relationships is economic value. Similarly, Parvatiyar and Sheth (2000) discerned that customers must be provided with perceived value at a lower cost to engage in relational marketing. However, firms that rely primarily on economic-based incentives such as discounts and gift certificates to secure customer loyalty cannot be expected to sustain competitive advantage, as price is the most easily imitated element of the marketing mix. While economic content can help motivate targeted customers to recognize the value of a long-term relationship with a firm, in isolation, economic content is considered to be the lowest form of customization (Berry 1995). Furthermore, researchers warn that loyalty based solely on economic value is “phantom loyalty because it is not directed at the brand/firm (Sivakumer and Raj 1997).

3.3.9.1.1 Economic Value

Economic value is often the only antecedent needed for firms whose marketing focus is on the creation of single transactions, and perhaps even for firms with highly sporadic customer transactions. Economic-based considerations contribute to consumer satisfaction and dependence (as opposed to trust). If price discounts are the only basis for maintaining the relationship, the customer may actively investigate other alternatives and is more likely to defect to a competitor that offers better or even similar terms. Customer loyalty programs are typically designed to support the firm by rewarding highly valued customers through the enhancement of economic benefits and other special pricing considerations. Often based on the level of customer participation, a firm's loyalty program will typically offer a menu of tiered level benefits ranging from cash rewards, free products or services of the firm, or free products or service of another firm in a different category. Free products or service of the firm may be the most efficient reward, particularly when its marginal costs are low. It will lead to satisfaction.

Service industries, including airlines, car rental companies, hotels, and telecommunication are often faced with high fixed costs, low variable costs, and excess capacities. Therefore, the cost of rewards, such as free airline tickets or free hotel accommodations, is small. For such service firms, cash rewards carry a higher marginal cost and therefore are less efficient for the firm than are service rewards (O'Brien and Jones 1995).

3.9.1.2 Switching Costs

Economic content is comprised of both economic value and switching costs. From Consumer Buyer Behavior Theory, the consumers weigh both the costs and benefits of a particular decision (eHauser and Wemerfelt 1990; Ratchford 1982) while from transaction-cost theory, it can be seen that customers may become tied to a brand/firm because the costs of remaining a customer are lower than the costs of leaving. Switching costs may include any non-transferable assets, relationship-specific investments, search costs, learning costs, and termination expenses. Switching costs are defined as consumer perceptions of the time, money, and effort required to change brands/firms (Jones, Mothersbaugh, and Beatty 2000). In the relationship marketing literature, switching costs have been found to increase satisfaction and commitment (Crutchfield 1998; Dwyer, Schurr, and Oh 1987;). A key purpose of offering loyalty programs may be to create switching costs for consumers (Klemperer 1987; Reinartz and Kumar 2000). Some firms attempt to use loyalty programs in an effort to lock customers in by building switching costs through an individual value proposition that make it more costly or difficult for customers to substitute firm offerings with competitor offerings. A customer who has made a significant investment in a particular loyalty program or service may feel locked in if his or her switching costs are perceived as prohibitive (Lee, Lee, and Feick 2001; Reinartz and Kumar 2000). There is some evidence that loyalty programs can be used to create switching costs and can actually weaken price competition (Kim, Shi, and Srinivasan2001). By offering incentives for repeat purchases, loyalty programs increase a firm’s cost to attracting competing firms’ current customers.

Once a firm has developed switching costs, such costs create a more captive market and thus provide the firm with the enhanced ability to charge higher prices in the future. While economic value typically functions as the primary driver of the initial exchange, it is the persistence of economic value and switching costs that are predicted to contribute to the creation of satisfaction and commitment.

On the basis of above arguments, the following hypotheses are formulated to test the relationship between economic benefits and customer satisfaction in Kerala Based Commercial Banks.

H1: Economic value is positively related to Satisfaction.

H2: Switching cost is positively related to satisfaction

3.9.2 Resource Benefits

The second condition for developing commitment is the presence of resource content. According to Resource-Based Theory (Conner 1991; Hunt and Morgan 1995; Wemerfelt 1984), a firm's competitive position is defined by its possession of resources. The resource-based approach gives strategic meaning to firm resources through the examination of strategic motivations for initiating and maintaining marketing relationships. Resource-based theory allows for a firm's ability to create sustainable competitive advantage based on its possession of complex resources that are valuable, rare, and difficult to imitate (Barney 1991). Complex resources are often intangible in nature like information and knowledge, committed strategic partners, loyal customers, etc. and consequently very difficult for competitors to replicate (Peteraf 1993). For example, collected loyalty program marketing information is not a firm resource. Only a loyalty program-aided marketing information system that is a critical element of a firm's management decision-making process holds the potential of a resource-based competitive advantage. Augmenting the resource-based view of the firm is the presence of resource content from the consumer's perspective.

Resource content is conceptualized as the overall framework of functional and psychological dimensions of a firm's offerings that contribute to customers' willingness to engage in marketing relationships. Functional dimensions relate to the product or service, whereas psychological dimensions relate to the personal gratification customers get from using the product or service. Consumers are expected to have greater levels of commitment to a brand/firm that provides them with psychological meaning and functional utility (Babin, Darden, and Griffin 1994).

In the conceptualization of resource content, three constructs are theorized to be significant and complex resources to building satisfaction, trust in and commitment to a firm: company reputation for quality, special treatment, and confidence benefits.

3.9.2.1 Company Reputation for Quality

Company reputation for quality is defined as a perception of quality associated with its name (Aaker and Keller 1990). Company reputation for quality is not necessarily limited to a focal product or service but instead is often connected to the overall reputation of the firm. Company reputation for quality is a perceptual representation of past actions and future prospects that are an aggregate of many personal judgments about the firm's products and services (Fombrun 1996; Flerbig and Milewicz 1993). Company reputation has been found to have a strong effect on customer loyalty (Seines 1993; Smith and Park 1992). Strengthening the firm's symbolic value tends to be more enduring than improving its utilitarian value. In this sense, symbolic repeat patronage in a product being repurchased from a company not for what it is but for what it means as a subjective symbol (Gardner and Levy 1955; Pritchard, Havitz, and Howard 1999). Since loyalty programs create a formal connection between a firm and its customers.

From the above arguments, the following hypothesis is formulated to test the impact of company reputation on customer satisfaction in banks. Here company reputation means bank reputation.

H3: Company reputation for quality is positively related to satisfaction.

3.9.2.2 Special Treatment

As another part of the overall resource content framework, special treatment is a critically important aspect to creating, developing, and maintaining successful marketing relationships.

Czepiel (1990) describes a marketing relationship as one that reaches special status for customers. The customer is made to feel special relative to other customers as firms customize their offerings to meet particular customers' specifications and requirements (Barnes 1997; Beatty et al. 1996). As an added source of customer value, loyalty programs can be designed to accommodate individual customers in the form of non-monetary product incentives and enhanced customer service options beyond core firm offerings. Loyalty programs sustain customers' interest and uniqueness to a group, and help create customer perceptions about their membership in a special group. In addition to their functional value, special treatment of customers results in creating an emotional attachment to the brand/firm (Rust, Zeithaml, and Lemon 2000).

Through customer loyalty programs, firms may provide special treatment to its members through a variety of benefits, such as exclusive access to dedicated product experts, faster service repair guarantees, unique product offering opportunities, extended warrantees, expedited administration, and special members-only events. Then customers become satisfied.

Thus the following hypothesis is formulated to test the relationship between special treatment and customer satisfaction in Kerala Based Commercial Banks.

H4: Special treatment is positively related to satisfaction

3.9.2.3 Confidence Benefits

Another aspect of resource content considered in the model is confidence benefits. Confidence benefits describe the psychological relief experienced by customers in established marketing relationships as a result of higher confidence in correct product or service performance, lower purchasing anxiety, and knowing what to expect (Gwinner, Gremler, and Bitner 1998). According to Sheth and Parvatiyar (1995), customers reduce their available choices and participate in marketing relationships because they want to simplify information processing and buying behaviorus, minimize perceived risks and enjoy a state of psychological comfort. The simplification of the purchasing decision process is a source of psychological relief for customers because the perceived risk of making the wrong decision is lower than engaging in new relationships.

Consumers may seek marketing relationships with a particular brand/firm to reduce anxiety concerning product and service evaluation, particularly those characterized by high performance ambiguity (Bendapudi and Berry 1997; Lee and Cunningham 2001). When a product or service is difficult to evaluate, it requires more time and effort to monitor for acceptable performance standards (Williamson 1975). Customer loyalty programs simplify the purchase decision process by rewarding repeat patronage. Considered to be a long-term psychological benefit to the consumer, confidence benefits have been found to be more important to consumers than economic benefits (Gwinner, Gremler, and Bitner 1998).

In summary, customers who develop relationships based on resource content receive more enduring benefits to remain customers. The aggregate hypothesized effect of the presence of resource content is the reduction of consumer uncertainty and vulnerability, an increase of customers' self-importance, and the strengthening of a firm's overall reputation. Many loyalty programs would be expected to directly contribute to higher levels of these customer-based resources. Thus, the respective presence of company reputation, special treatment, and confidence benefits predicted to lead customers to be more satisfied and committed to the firm. Furthermore, the presence of these resource antecedents also is predicted to lead customers to have greater satisfaction and trust in the firm.

Therefore following hypothesis s tested to know the relationship between confidence benefits and customer satisfaction in Kerala Based Commercial Banks.

H5: Confidence benefits are positively related to satisfaction.

3.9.3 Social Content

The third relational content for developing satisfaction and marketing relationships is social content. The importance of social content characteristics has been predicted and supported in the literature (e.g., Bhattacharya, Rao, and Glynn 1995; Czepiel 1990; Gwinner, Gremler, and Bitner 1998). By itself, social content may be irrelevant for some single transaction-oriented firms, but this relational antecedent category is considered to be essential to successful practitioners of relationship marketing. And although social content generally cannot overcome non-competitive economic content, it can help develop commitment and trust when strong competitive differences are lacking (Berry 1995). The social content framework comprised of three constructs: communication, familiarity, and shared values.

3.9.3.1 Communication

Communication can be generally defined "as the formal as well as informal sharing of meaningful and timely information" (Anderson and Narus 1990,). Communication that is frequent, timely, and relevant fosters commitment and trust by aligning brand/firm perceptions with customer expectations (Anderson and Weitz 1989). Communication is commonly assumed to be an important antecedent of buyer trust (Anderson and Narus 1990; Morgan and Hunt 1994), as customers can better predict product or firm performance as a result of past communications (Doney and Cannon 1997).

For some firms, loyalty program communications occur as one component of a much more extensive communications effort (Roehm, Pullins, and Roehm 2002), and for other firms, loyalty programs are the primary vehicles used to communicate to their customers. Many loyalty programs regularly send their members newsletters and personalized communications. It is often through loyalty program-sponsored customer recognition and regular program notifications that a firm has its best opportunity to communicate to its customers, and thus to build stronger levels of satisfaction, commitment and trust with its best customers.

Therefore following hypothesis is formulated to test the impact of communication on customer satisfaction in Kerala Based commercial banks

H6: Communication is positively related to satisfaction.

3.9.3.2 Customer Familiarity

Social content is also associated with customer familiarity with a firm and its employees. Familiarity can be described as the level of personal recognition a customer receives from a firm and its employees resulting from customer-firm interactions over a period of time. In many instances, employees have the opportunity to develop relationships with particular customers. And in some instances, familiarity may eventually lead to the development of friendship between customers and employees (Beatty et al. 1996; Buttle 1996; Price and Amould1999). To the extent there is a personal connection between customers and employees, there will be an increased desire by both parties to maintain the marketing relationship (Berry 1995). As the frequency of social interaction increases, the customer's familiarity is posited to have a positive impact on their commitment to and trust in the firm. It is the combination of customer knowledge with social rapport that facilitates the personalization and customization of the marketing relationship (Gwinner, Gremler, and Bitner1998; Lee and Cunningham 2001).

As a firm's customer base expands, it becomes increasingly difficult for it to be familiar with all of its customers. Through the development of customer databases, loyalty programs offer larger firms the platform to demonstrate customer familiarity. For example, targeted Blockbuster loyalty program members periodically receive customized movie listings that reflect their individual interests. In the absence of frequent interpersonal contact between customers and employees, some firms attempt to create a more personal service encounter with the aid of customer database technology (Gwinner, Gremler, and Bitner 1998; 1993). For example, in some banks front desk clerks are provided with information about loyalty programs and encouraged to use this information to demonstrate that they recognizes their status as frequent customers.

From the above arguments ,the following hypothesis is framed to test the relationship between customer familiarity and customer satisfaction in Kerala Based Commercial Banks.

H7: Familiarity is positively related to satisfaction.

3.9.3.3 Shared Values

Another dimension of social content is shared values. Shared values may be defined as extent to which a customer perceives that the goals, policies, and beliefs held by the firm are consistent or compatible with his/her own personal goals, policies, and beliefs. Consistent with channels literature, shared values are the ideology shared between a customer and the firm pertaining to the importance or appropriateness of certain behaviors, goals, and policies (Fontenot and Wilson 1997). Shared goals are norms that address the appropriateness of actions. Doney and Cannon (1997) point out that trust involves an inference that the benevolence of the firm to act in the best interests of the customer based on shared goals and values. Perceived shared values between the firm and customer enhance the marketing relationship and contributes to relational commitment (Sirdeshmukh, Singh, and Sabol 2002). Crutchfield (1998) found that when a customer perceives that his/her values are in alignment with the firm, the customer is more likely to have higher levels of satisfaction, commitment and trust. It is not unusual for loyalty programs to include donations to charities, local schools, and other educational institutions. As customers gain more influence in the shaping of customer loyalty in an interactive marketplace, there is even greater importance in shared values between the firm and its customers (Schultz and Bailey 2000).

H8: Shared values are positively related to satisfaction

In summary, the presence of communication, familiarity, and shared values each predicted to lead customers to be more satisfied, committed to and have greater trust in the firm. Furthermore, loyalty program members are hypothesized to report a stronger presence of these types of social content than do non-members.

3.10 Customer Satisfaction

In today's competitive market, corporations ought to produce high-quality product and services that may gain customer satisfaction.

Customer satisfaction is the foundation of success in business. In this competitive world, service performance procedure is the most important factor to obtain a competitive advantage. Understanding the customers' need is a key contributor to the success of any organization that provides services. Customers and consumers are always looking for suppliers who provide goods or services, which are better than others. For measuring customer satisfaction, it is better to assess the needs and desires of the customers.

In today's world, due to limited resources, organizations must have a plan for every rupee that they spend and the best way to success is to find customers who use the provided services and satisfy them. Customer satisfaction is an important factor in modern marketing and so customer behavior analysis is a major concern especially for marketing executives. If the customers are satisfied with particular goods or services, the probability that they use the service again increases.

Customer satisfaction is an ambiguous and abstract concept and the actual manifestation of the state of satisfaction will vary from person to person and product/service to product/service. The state of satisfaction depends on a number of both psychological and physical variables which correlate with satisfaction behaviours such as repurchase and recommend. The level of satisfaction can also vary depending on other options the customer may have and other products against which the customer can compare the organization's services.

Philip Kotler defines customer satisfaction as a ‘person’s feeling of pleasure or disappointment, which resulted from comparing a product’s perceived performance or outcome against his/her expectations’.

3.11 Service Quality and Customer Satisfaction

Quality and satisfaction are very often inter-twined and they inter-play in various grounds. With the advent of total quality movement, the term “customer satisfaction” was popularized in the 80's.Although, it is a matter of fact that there exists a gap between these two conceptual frameworks. According to Cronin and Taylor (1992), this distinction is important to both managers and researchers alike, since service providers need to know whether their objective should be to have consumers who are satisfied with their performance or to offer the regeneration of the customer service excellence.

Many of the theorists of customer satisfaction like Oliver and Rust viewed that satisfaction is a highly personal based assessment and as such, it emerges as a response to a single or prolonged set of service encounters.

As a matter of fact, satisfaction can be identified as a 'post consumption', which contrasts perceived quality with expected quality, while service excellence is a global evaluation of a firms service delivery system (Anderson and Fornell, 1994). Perceived quality is on the other hand, based on personal attitudes and judgments coupled with superior service experience over time. According to Oliver (1980) and Bitner (1990), it was supported by evidence that it is satisfaction that pushes service quality. Different and diverse schools of thought unanimously decided that, it all leads to the conclusion that service quality and satisfaction have strong relationship. In turn, both are vital in helping buyers develop their future purchase intention. But it must be taken into account that, quality improvements that do not focus on customer needs, will not lead to improved customer satisfaction.In today's business world, as most firms are adopting a market oriented strategy. Much evidence shows that there is strong positive relationship between these two.

A satisfied customer, who has experienced good quality service, will normally recommend the product to others, repeat purchase and even try line extensions. This in turn will act as a circular flow, thereby boosting the economic performance of the firm.

However, it is to be noted that, a firm though it scored well on customer satisfaction, may perform poorly at the end of a financial year. This is because, there are other f also actors apart from loyalty and customer satisfaction, that affects the overall financial performance of an organization like hidden cost of production, labor cost and economic health of a country, etc.

Therefore, companies must strive to create a perfect synchronization of creativity and further improvements in service delivery. They must cut down business costs and set a benchmark for their competitors if they want to retain customer loyalty.

Many studies suggest that there is a fundamental difference between products and services, namely in the way it is consumed and produced. One of these studies was conducted by Gronroon in 1998. With services, the time frame for the process of production and consumption is shorter as compared to products. Service products are often more face to face. Thus the quality of interaction between customer and service provider influences customers' perception of service quality. Barnard (2002) gave an instance that a single employee may affect service efficiency and consequently customer satisfaction with the service.

Some of the main models to benchmark satisfaction within the service sector includes the following: Parasuraman opined that 1985 the SERVQUAL model /Service Quality model; which upholds that satisfaction will differ among consumers depending on what strategy the company chooses to deliver and promote that service. This is based on extensive research in genetic determinants of perceived service quality. There is a gap between customer's expectations about general quality and their perception about actual performance of a service provider. We can be able to measure the gap by accurate application of this model. It uses a set of quality assessors measured by a 22-item scale. A major drawback in this model is that it has paid little attention to an understanding of how individual intelligence creates different perspectives.

Further development to this SERVQAL Model leads to the invention of SERVPERF model; problems with the disconfirmation expectancy models have led to the development of the application of a more direct form of measurement technique in the form of SERVPERF. Like SERVQUAL, this approach requires to rate the provider's customer performance extending from 1) strongly disagree to 5) strongly agree

Customer satisfaction is about assessing customer attitudes about products, services and brands. While it's always been smart to keep customers happy, the term “customer satisfaction” became popularized in the 1980's with the total quality movement. Therefore, customer satisfaction postulate as one of the main indicators of business performance. It results to repurchase behavior, positive word-of-mouth referrals, fewer complaints, and a smaller set of alternative offers considered in purchase decision. These influences on consumer behavior cause customer satisfaction to reduce marketing costs, warranty costs, and the business risk and contribute to enhance sales, profitability, stock value, and the overall corporate image.

Therefore, accurate measurement of customer satisfaction through reliable consumer feedback is vital for developing effective management strategies. Hence, it will allow managers to implement satisfaction improvement programs.

No matter what, customer satisfaction has instrumental value too because it influences consumer behavior, thereby affecting profits. Satisfied customer will recommend the product to others, repeat purchase and even try line extensions. Thus businesses must always be customer-oriented

Investments in customer relationships, customer satisfaction, and the quality of the services lead to effective performance of banks. Satisfaction of the customer and high quality services often upshot in more repeat purchases. Customer satisfaction leads to customer loyalty, and this leads to profitability. The costs of customer acquisition are much higher than the costs of retention.

3.12 Loyalty Programs and Customer Satisfaction

Most of the companies such as retail business have applied loyalty program to expand their customer's satisfaction and deter their customer from defecting their competitors. . The findings indicate that there are positive and significant relationships among loyalty programs, customer satisfaction and customer loyalty.

Another reason why loyalty rewards programs are useful to customer satisfaction is that customers wanted to feel important. Loyalty programs are wonderful way to exhibit customers that an enterprise cares about them. Studies show that one in four consumers is annoyed when a company fails to recognize them as a past or present day customer. By recognizing that a customer is loyal, it not only makes the consumer feel important, but also ensures that the customer will keep coming back.

3.13 Theories of Customer Satisfaction

In today's business world where most firms are adopting a market oriented strategy, there have been several conferences and extensive literature reviews devoted to the subject matter to develop tools for monitoring customer satisfaction and to build continuous, quality improvement systems that respond to consumer feedback. In fact, this has led to the development of theories of customer satisfaction. The theories include the following:

3.13.1 The Dissonance Theory

The Dissonance Theory suggests that an individual who expected a high-value product and received a low-value product would acknowledge the disparity and experience a cognitive dissonance (Cardozzo, 1965). That means, the disconfirmed expectations produce a state of dissonance or a psychological discomfort (Yi, 1990). If a disparity exists between the product expectations and also the product performance, customers could have a psychological tension and try to minimize it by changing their perception of the product (Yi, 1990). If the Dissonance Theory holds true, then firms ought to try to raise the expectations substantially above the product performance so as to get a better product evaluation (Yi, 1990).

3.13.2 The Contrast Theory

This theory stated that when the actual product performance falls below the customer expectation ,the contrast between the expectation and outcome will cause the consumer to exaggerate the disparity (Yi, 1990). This theory also stated that a customer who receives a product below the expectation, will magnify the difference between the product received and the product expected (Cardozzo, 1965). This theory predicts that, product performance below expectations will be rated poorer.(Oliver & DeSarbo, 1988).

3.13.3The Expectancy Disconfirmation Paradigm

There are so many theories emerged about customer satisfaction. Among them, Richard Oliver's Expectancy Disconfirmation Theory (1980) is the widely accepted model by firms in today's business world. As a matter of fact, the expectancy disconfirmation paradigm (EDP) has become the dominant stepping stone used by both the public and private sector, to assess customer satisfaction. The main components of this model are; Expectation, Perceived Performance, Disconfirmation and, Satisfaction. It thus focuses on the gap between performance and expectations. Expectation-confirmation framework is based on the ideology that expectations, coupled with perceived performance, result in post purchase satisfaction. According to Churchill and Suprenant, Expectations reflect anticipated behavior. According to Devlin, expectations serve as the comparison standard in ECT, thereby making satisfaction a function of the baseline effect of expectations. Therefore, the disconfirmation judgment formed inevitably affect satisfaction, either positively or negatively. According to Oliver, if a product/service surpasses expectations (positive disconfirmation) post-purchase satisfaction will result, while if perceive performance is equal to expected performance, this will create a neutral feeling known as confirmation. If on the other hand, a product falls short of expectations (negative disconfirmation) the consumer is likely to be dissatisfied.

3.13.4 Inferred versus Direct Disconfirmation

This theory includes the computation of the discrepancy between the expectations and evaluations of performance. In this the researcher is required to draw information relating to service expectations and perceived performance. These scores are subtracted and form the third variable, the dis/confirmation or difference score. The inferred (subtractive) disconfirmation approach (LaTour & Peat, 1979), is derived from the theory of comparison (Thibaut & Kelley, 1959).

3.13.5 The Value Percept Theory

Value-Percept theory suggests that satisfaction is an emotional response that generated by a cognitive evaluative process in which the perceptions are compared to one's values, needs, wants or desires (Westbrook & Reilly, 1983). It is similar to the Expectancy/Disconfirmation Paradigm and there is a growing disparity between one’s perceptions and one's values.

3.13.6 The Equity Theory

According to the Equity Theory, satisfaction exists when consumers perceive their output/input ratio as being fair (Swan & Oliver, 1989). Equity models are derived from the Equity Theory (Adams, 1963), and are based on the notion of input-output ratio, which plays a key role in satisfaction (Oliver & Swan, 1989). According to this theory, parties to an exchange will feel equitably treated (thus, satisfied), if in their minds, the ratio of their outcomes to inputs is fair (Oliver & DeSarbo, 1988).

3.14 Customer Satisfaction in Banking Industry

Banking is a service trade, and therefore, the excellence of customer service is an important part in the wealth of any bank. Respectable customer service leads to advanced customer gratification, improved customer affiliation, ultimately effectiveness and enlarged customer devotion.

Many customers refer to banks every day, and they expect, banks to supply different types of services. The banking industry such as other financial services is facing rapid market change, economic uncertainties, new technologies, hard competition, financial crisis and increase in customer's demand. Some people have a simple relationship with the banks and their operations are only with one bank. Due to the different needs, some people refer several banks' services.

Banking is a customer-oriented industry and customer satisfaction has become the major aspect of any banking business due to immense competition. Banks are more determined to retain their existing customers by providing quality services and attracting offers leading to customer satisfaction.

3.15 Importance of Customer Satisfaction in Banks

Banks are one of the most customer partial- service industries, therefore the services which they offer are the most important part. Changing customer needs and expectations are the major motives of bank’s service changes. For example, the customers do not like to wait in lengthy queues and spend a lot of time for a banking transaction. This change in the customer's expectation caused the banks create a new form of supply services such as ATM, phone and net banking.

Satisfied customers are considered as a free advertisement for the bank by advising other people to use their bank services. On the other hand, dissatisfied customers can make them tend not to use the same bank. The old customers by word of mouth will bring new customers without any cost, so they reduce marketing costs for banks. Keeping a satisfied customer is better than attracting the new one because it reduces the cost substantially. Many studies have been shown that if a customer’s satisfaction increases by 5 percent the average of profitability would increase by 50 percent. Accordingly, manager’s in different organization try to lead the employees to do the best to keep their customers constant.

Customer satisfaction provides a leading indicator of consumer purchase intentions and loyalty. Customer satisfaction data are among the most frequently collected indicators of market perceptions. Customer service is the provision of service to customers before, during and after a purchase. Customer service is a series of activities designed to enhance the level of customer satisfaction – that is, the feeling that a product or service has met the customer expectation

The degree of customer satisfaction depends on competition and the survival of banks, so banks are paying a lot of attention to their customers. The banks are not like the other industries in product variety for they can only remain in the market by providing excellent services.

The satisfaction of the good customer has an effect on the cost-effectiveness for each business. For instance, when customers receive good service, they relate to their satisfaction among 9 –10 people. However, customers who obtain poor service relate to their dissatisfaction amid 15 – 20 people. Therefore, the satisfaction of the customer is an advantage that should be managed and monitored just similar to any physical asset. The judgment of the satisfaction is associated with all the experiences made with an assured business regarding its given products, sales practice, and the post-sale service. Whether the customer is contented after purchase is also contingent on the performance of the given offers in relation to the expectation of the consumer.

Customers form their expectation from past purchasing experience, advice from the associates and friends, and the information and the promises of the marketers and the competitors. The maximum satisfaction of the customer leads to greater loyalty of the customer, again lead to upsurge of the revenue in future. They have compensated with high revenue and the retention of the customer as well. For that reason, organizations in the same market sector are forced to assess the quality of the services that they provide in order to attract and retain their customers because satisfied customers are a key to long-term business success

The important of the role of banks in economic development cannot be ignored. Banks are intermediate, they borrow money from customers, including individual and organization and lend to other customers. Banks also offer customers' domestic trade and foreign investment in various fields. Overall, the most important responsibility for banks is to do something, which makes customers feel more confident and secure. Expectations are a key factor behind satisfaction. When clients have more expectations and bank could not prepare them, it caused dissatisfaction.

3.16 Factors Influencing Customer Satisfaction in Banks

The satisfaction of customers is necessary for a successful organization, and employee satisfaction is valuable to obtain the vision and task of the organization. Employee satisfaction is one of the most important factors in the service sector so the organization should be careful to increase the level of employee satisfaction. In an industry such as banking customers interact directly with the employees. When an employee feels satisfied with her/his job, s/he will try the best to attract more customers. There are many ways that an employee can attract customer such as good relationship, email reply, good care and welcome for the help. A receptive attitude is a key component for giving the customer a positive image about the bank and the service provided.

The behavior of employees which leads towards customer staying or leaving is important. According to the research, satisfied employees can satisfy the customer. Long-term priorities for business development and Social Welfare programs influenced both the employee and the customer. Organizations may reach high levels of the quality of product or customers service if the employees feel satisfied.

Other factors, which influence customer satisfaction in commercial banking, are branch location and its convenience, physical environment, structure, design and general atmosphere have the same effect on customer satisfaction

Customer behavior is also affected by personalities such as age, life cycle, occupation, economic status and life style of the people.

Those factors such as evidence of services, encounters, image, and price constitute customers. Satisfaction or dissatisfaction did not arise from the similar factors. The level of customer satisfaction will change if some factor of service quality gets imported. Contrary if the quality of these factor decreases, it will cause customer dissatisfaction.

Consequently, a manager can learn that these factors are extremely important to stay competitive in today's banking world. Banks should consider all these factors while making policies regarding customer satisfaction.

3.17 Evaluation of Services by Customers of Bank

Customers evaluate services and products in these three stages:

1. Pre-purchase or search stage
2. Experience stage
3. Belief stage.

Pre-purchased stage is the search which customer do before purchasing bank services.

Experience stage reveals the features that customer assesses after buying,

Belief stage is the post-purchase stage, which the customers find it difficult to estimate the credence qualities.

In the competitive banking industry, customer satisfaction is considered as the fundamental of success. The satisfaction of the customer is one of the foremost intentions of every business. Businesses recognize that keeping current customers is more profitable than having to win new ones. The theorists of marketing and management emphasized the significance of customer satisfaction to attain the success of the business.

Customer satisfaction is the fulfillment response of the customer. It is a decision that a service or product feature, or the service or product itself, provided the pleasurable level of consumption that related to the fulfillment, including levels of under- or over fulfillment.

For almost 20 years, customer service has become customer service revolution. So, definitely some organizational change happened in banking industry. Many professionals from various business industries, consultants, corporations and others have worked to find out those dimensions of organizational changes that consistently satisfy their customers.

A research study had done in 2006, which has redefined a powerful set of five factors that drive satisfaction. This model should be seen as an important instrument to help all those involved in delivering and monitoring the areas that are important to their customers (It is mainly applicable in the public services thought it can be applied to other sectors of the economy). The drivers of client satisfaction are listed here in order of importance. They can be used as a questionnaire too.:

1) Service delivery - the service delivers the outcome it promised and manages to deal with any problems that may arise.
2) Timeliness - the service responds immediately to the initial customer contact and deals with the issue at the heart of it quickly and without passing it on between staff.
3) Professionalism - staff are competent and treat customers fairly. They are prepared to go the extra mile to give us the extra smile.

4) Information - the information given out to customers is accurate and comprehensive and they are kept informed about progress.
5) Staff attitude - staff are friendly, polite and sympathetic to customers' needs.

3.18 Relationship between Customer Satisfaction, Commitment and Trust.

The result of customer satisfaction on customer commitment have been examined by several authors (Darsono & Junaedi, 2006) The moment customers become satisfy with their complete experience, they are more liable to be committed and ensured a persevered relationship ((Beatson, Cotte, & Rudd, 2006)). According to Chien-Lung, Chia-Chang, and Yuan-Duen (2010) customer satisfaction is highly correlated with commitment.

Satisfaction is defibned as "pleasurable fulfillment a positive affective state" (Oliver 1997). it is a key concept in social exchange theory, and is well-established as an outcome of successful relationships in business to business and business to consumer marketing (Geyskens et al. 1996; Oliver and Swan 1989). To increase consumer satisfaction, organizations invest in resources. If consumers perceive that resources provided by a retailer meet their needs, satisfaction should result (Oliver 1997). If consumers perceive that needed resources are delivered on a predictable basis, they should develop trust and commitment in the organization.

Therefore following hypotheses were formulated to test the impact of customer satisfaction on customer trust and customer commitment in Kerala Based Commercial banks.

H9: Satisfaction has a positive impact on trust.

H10: Satisfaction has a positive impact on commitment

3.19 Commitment-Trust Theory of Relationship Marketing

Morgan and Hunt (1994) hold that commitment and trust are key mediating constructs of marketing relationships. Focus on trust and commitment supports the most important aspect of relationship marketing theory — the creation, development, and maintenance of long standing relationships between a brand/firm and its customers. As part of this model, loyalty program members are predicted to be more committed to and have greater trust in the brand/firm than customers that do not participate in loyalty programs. Before we can elaborate on the hypothesized role of loyalty program membership, it is first necessary to review, in more detail, commitment and trust as crucial mediators of relationship marketing theory.

3.19.1 Commitment

The general construct of commitment has appeared in several empirically tested studies (e Dwyer, Schurr, and Oh 1987; Ganesan 1994; Garbarino and Johnson 1999) and has been shown to be essential to the creation and preservation of long-term relationships. Commitment can be defined as an implicit or explicit pledge of relational continuity between the customer and the firm (Dwyer, Schurr, and Oh 1987).. Similarly, Moorman, Zaltman, and Desphpande (1992) see commitment as an enduring desire to maintain a valued relationship. Committed customers are motivated to maintain the relationship because of sincere interest in doing so (Bendapudi and Berry 1997). Commitment is regarded as the most common variable used in relationship marketing studies and some researchers have expanded its conceptualization to reflect multiple levels of commitment (e.g., Gundlach, Achrol, and Metzler 1995). A closely related construct to commitment is customer loyalty. The very term loyalty implies commitment and both are critical to relationship marketing theory. These closely related constructs have different research traditions, with customer loyalty coming from consumer marketing and commitment emerging from industrial marketing.

A form of commitment, customer loyalty is essentially a relational phenomenon (Shethand Parvatiyar 1995). Oliver (1999) defines customer loyalty as a deeply held commitment to consistently repurchase or repatronize products despite situational influences and competing marketing efforts. .Jones and Sasser's (1995)definition of customer loyalty is that it is the feeling of attachment to or affection for a firm's employees, products, and services. Similarly, Buttle (1996) defines customer loyalty as an acknowledgment of the commitment of the customer to the firm and its employees. While there is growing agreement among marketing scholars that commitment and customer loyalty are essentially equivalent constructs, a review of the literature reveals there to be a far more ambiguous, and even contradictory, view of customer loyalty than is the case for commitment.

Various conceptualizations of customer loyalty appear to fall into one of five general categories:

1) Loyalty as a psychological commitment towards a brand or firm (i.e., commitment = loyalty);
2) Loyalty as a distinct attitude that is linked to commitment and/or other cognitive and affective constructs;
3) Loyalty strictly as a repurchase behavior;
4) Loyalty as an expanded set of behaviors; and,
5) Loyalty as a composite of both behavioral and psychological dimensions.

Although many marketing scholars have emphasized the need to define customer loyalty beyond repurchasing metrics, there remain considerable conceptual and empirical gaps in customer loyalty theory. Some researchers view customer loyalty to be an attitudinal phenomenon closely linked to commitment, yet a psychological construct separate and distinct from commitment. Commitment is sometimes viewed as a precursor to loyalty (e.g., Beatty, Kahle, and Homer 1988). Czepiel and Gilmore (1987) see customer loyalty as a disposition partially supported by commitment and trust. Spurious loyalty is based on self-interest-based preference and habit whereas true loyalty is based on commitment and trust.

Conversely, Oliver (1999) envisions commitment to transcend customer loyalty "because it exists at a conscious level and is a goal in and of itself. In this sense, consumers can go beyond loyalty by desiring to become committed to a particular product or service provider. Jacoby and Chestnut (1978) perceive commitment as the key attitudinal facet of loyalty. Commitment is considered essential for differentiating between actual loyalty to the brand/firm versus just repeat patronage. Furthermore, it is the presence of commitment that provides the essential basis for distinguishing and assessing the relative degrees of loyalty (Jacoby and Kyner 1973).

Other marketing scholars view customer loyalty to have both psychological and behavioral dimensions (e.g., Chaudhuri and Holbrook 2001; Day 1969; Dick and Basu1994; Jacoby and Chestnut 1978; Jacoby and Kyner 1973), and thus call for research that simultaneously consider both attitudes and behaviors in order to properly measure loyalty. For example, Dick and Basu (1994) suggest that both a favorable attitude that is high relative to potential alternatives and repeat patronage is required for loyalty. By adopting a composite view to include attitudes and behaviors, these researchers argue that they are able to more adequately capture the essence of the loyalty construct. A prevailing argument is that loyalty's assessment cannot simply rest on loyal behaviors but must also take into account the attitude that supports that disposition. By further abstracting customer loyalty as a highly complex and multi-faceted construct, such researchers would likely contend that commitment fails to capture the multi-dimensional elements of customer loyalty.

Since these words were written, commitment has emerged in the marketing literature as a less convoluted label for describing this same construct. As an attitude, customer loyalty is a psychological construct that is often manifested by behaviors—but behaviors do not ensure its presence. This study takes the position that loyalty is neither a behavior nor an attitudinal/behavioral composite. Behaviors are not direct indicators, but only manifestations of customer loyalty. Thus, we are in agreement with the growing group of marketing scholars that commitment and loyalty are different labels for essentially the same construct. However, the term commitment is used, rather than loyalty, as a key mediator of the model to avoid any potential controversy from researchers who argue that that they are different constructs.

3.19.2 Trust

Several researchers have argued that trust plays a central role in relationship building and maintenance (eAnderson, Lodish, and Weitz 1987; Chaudhuri and Holbrook 2001etc). Trust is a customer's belief that a firm is reliable, stands by its word, fulfils its promised obligations, and is sincere (Anderson and Narus 1990). Trust is a key mediating variable in the development of marketing relationships and exists "when one party has confidence in an exchange partner's reliability and integrity" (Morgan and Hunt 1994,). Moorman, Zaltman, and Deshpande (1992) and

Doney and Cannon (1997) emphasize that the notion of trust is only relevant in situations where there is some level of uncertainty.

In a consumer-oriented context, trust reduces the uncertainty in an environment in which consumers feel vulnerable because they know they can rely on the trusted brand/firm. Trust implies that the customer has confidence in the brand/firm and is willing to rely on it even though there is perceived risk involved (Moorman, Zaltman, and Deshpande 1992). Customer reliance without holding a belief about brand/firm trustworthiness is more so a reflection of dependence than of trust. However, the mere belief that a brand/firm is trustworthy in the absence of consumer reliance or vulnerability produces limited trust. The constructs of trust and commitment are predicted to be associated, because trust is important in marketing relationships and commitment is also reserved for such valued exchange relationships. Consistent with other relational marketing researchers (e.g., Chaudhuri and Holbrook 2001; Gilliland and Bello 2002; Kumar, Scheer, and Steenkamp 1995; Tax, Brown, and Chandrashekaran 1998), trust is modeled as a precursor to commitment. Because commitment involves potential vulnerability, it follows that customers are less likely to be committed to the brand/firm unless trust in the brand/firm already is established.

Further, consumer relationships characterized by high levels of trust are so highly valued that consumers will commit themselves to the relationship. Thus, the presence of trust is expected to increase the likelihood that consumers will become committed to relationships with firms. As part of this model, loyalty program members are hypothesized to be more committed to and have greater trust in the firm than customers that do not participate in loyalty programs. Supporting rationale for superior levels of commitment and trust among program members are made clearer in the next section.

In this particular context, the researcher formulated a hypothesis to test the impact of trust on customer commitment in Kerala Based Commercial Banks.

H11:Trust in the firm is positively related to commitment to the firm.

3.20 Consequences

Loyalty program members considered as more loyal. All the above benefits lead to satisfaction, trust and commitment and in turn it produces certain related out comes as loyal customer such as future retention rate, positive word of mouth and market support participation etc. Theses outcomes classified as economic outcomes, resource outcomes and social outcomes. Customer satisfaction leads to customer loyalty

3.21 Relationship between Customer Satisfaction and Benefits of the Company

In today's business world, as many companies follow a market-oriented strategy, we are raising a discussion that improvements in customer satisfaction enhance the benefits of companies. Most evidence indicates that there is a strong positive relationship between the two. A saturated customer who has a good quality experience typically recommends repeating production, recurring purchase, and also try line extensions as mentioned earlier. It acts as a circular stream, thereby increasing the company's financial performance.

However, it should be noted that a company that has earned the customer satisfaction is poorly maintained at the end of the financial year. This is because there are a number of reasons other than obedience and customer satisfaction, which affects the overall economic performance of a company; Hidden costs, production, labor expenses, and financial health of a country

3.22 Customer Loyalty

Customer loyalty is the act of deciding one company's products and services consistently over their competitors. When a customer is loyal to one company, they don't seem to be effortlessly swayed through rate or availability. Loyalty is a complicated phenomenon, which consists of a set of behaviors and attitudes. In recent years there has been a growing activity amongst establishments related to the cultivation of relationships with the customer. The cause for this is that these establishments have realized that building long-term relationships with customers presents a way to minimize their elimination rates, reducing prices and increasing revenues. But whilst agencies prefer to build relationships with its customers, few Consumers assume or pick out that they have a relationship with the businesses to which are clients. Relationship advertising includes the activities of education, preservation and boom of consumer relationships with an organization. Building consumer relationships is more than a marketing function: it is an organizational philosophy which affects the operations and processes, employees, purchaser provider and quality. In this way, economic institutions which desire to build and keep long-term relationships ought to comply with a holistic strategy to their behavior with the customer. The success of a relationship will partly rely from the size of Trust that exists between the client and the provider of the product / service. Trust operates on each sides. For example, in making use of for a loan, the purchaser wishes to believe that the economic institution will supply the mortgage in time, whilst the monetary organization needs to consider that the consumer will repay the loan on time according to the agreement. Trust, therefore, is a customary expectation or hope that the word (and / or actions) of every other to be something on which we can rely.

Consumers these days are difficult to be satisfied.. They are wiser, greater conscious of quality, price and content. They are asking for more, forget harder and extra preferences are provided by other competitors to offer the same or even better. According to some economists, are no longer tough to acquire at ease customers, some groups may also even do this. But the task is to produce loyal customers and set them captivated. It's no longer sufficient to be capable to entice new customers, the organization must keep them and constantly make efforts to expand business. Many agencies suffer from high customer desertion. The industry need to recognize the reasons of losing its clients and discover those that can manage it in the most efficient way. Otherwise, it is like throwing money into bottomless sack. Customer conduct has a significant effect on loyalty program. Many sectors and industries such as airlines, retails, hotels, banking, and financial offerings take part in loyalty program and grow to be the organizations' new agenda as it will continue the current patron and in a roundabout way explore the possible new customers.

The concept of customer loyalty is divided into two parts, such as loyalty behaviour and loyalty attitudes. Obedience behavior, also known as customer retention, is an account for recurring purchases by customers in a dedicated brand in which they are supplemented rather than switching to their rival brand. Thus loyalty behavior is regarded as directly related to sales and market share.

On the other hand, profitable attitudes are based on unbiased factors and feelings towards products, services, brand or companies that have led to the repetition of purchases. This is measured by a trusted questionnaire to survey the customers. It helps companies to get information and allows companies to subdivide them into groups such as "newcomers," "recruits," "lawyers," "loyalists" and they are slowly bonding to their company over time.

Sometimes consumers are shown in markets that are dominated by monopoly companies, not showing credibility. And most consumers show a loyal attitude without much loyal behavior in the case of consumers who rarely buy.

Established repeat customers often generate superior profits. They require low customer care, have low-cost sensitivity, require less promotion and promotional impulses; They suggest their family and friends to their brand.

3.23 Importance of Customer Loyalty

1. Customer Loyalty means Higher Profits

   A 2% expand in patron retention has the identical impact on earnings as reducing working charges through 10% (Leading on the Edge of Chaos, Emmet Murphy & Mark Murphy.) Instead of spending less cash on customers, spend money on keeping clients round – the payoffs are worth it! Frequent clients are profitable customers.

2. Customer loyalty assists the companies to grow.

   Customers who come again to repeat purchase is suitable for agencies and for customers. Improve the retention rate of client means preserving greater clients in the business bucket. A 5% expand in consumer retention will increase 25 or 30 percent expand in income.

3. Make referrals

Loyal clients also make hints to family and relatives.

3.24 Six Stages of Customer Loyalty

Customer loyalty can be measured by the level of commitment each customer shows to the company. There are six stages in customer loyalty, and each stage increases in the amount of loyalty the customer shows. For example, a customer who is a repeat purchaser is more loyal than the customer who buys for the first time. A customer who refers a friend is more loyal than the customer who simply buys once and uses the product.

The six stages of customer loyalty are:

1. Awareness – Purchaser is conscious of the organization and its offers
2. Research – Purchaser is thinking about purchasing, and has visited website, downloaded resources, etc.
3. Buy – Purchaser buys the product or service
4. Use – Customer makes use of the service that they purchased
5. Repeat – Customer purchases from the organization again
6. Refer – Customers refers friends or relatives to the company

   The purpose of any company is to pass the consumer from stage one (awareness) all the way through to stage six (repeat customer and refer)

3.25 Customer Satisfaction and Loyalty

The concept of customer loyalty is divided into two parts, namely, Loyalty behavior and Loyalty attitudes. Loyalty behavior, also known as customer retention, account for the action of repeat purchases by consumers on a particular brand to which they associate themselves rather than switching to a competitor brand instead. Therefore loyalty behavior is viewed to be directly related to sales and market share, whereby its measurement is done by analyzing customers' sales transactions, revealing customer retention rates and customer defection rates over varied time periods as well as the lifetime value of each individual.

Loyalty attitudes, on the other hand, are based on the judgmental factors and feelings towards products, services, brand or company that have led to repeat purchases. It is measured by means of loyalty questionnaires for surveying customers. This will help companies to obtain information about the factors behind loyalty attitudes as well as enabling firms to subdivide them into groups such as "new arrivals", "repeat buyers," "advocates," "loyalists" and so on as they slowly bond with your company over time.

The contrast is important because people can feel one way and behave quite differently. Sometimes customers exhibit loyalty behavior without having loyalty attitudes, as in markets dominated by a monopolist. And sometimes customers exhibit loyalty attitudes without demonstrating much loyalty behavior, as in the case of customers who buy very infrequently.

The result is that loyalty behavior is worth almost any effort, unless on the extreme it is achieved by deep price-cutting or huge inefficient promotional campaigns that destroy profits. Loyalty is so valuable because it has huge impact on market share. Established repeat customers may often generate superior profit margins. They require less customer care, have less price sensitivity, need fewer advertising and promotional inducements; they refer their family and friends to your brand.

Loyalty behavior is the outcome of very high satisfaction. It has lot to do with the improvement of satisfaction. As customers become more satisfied they start to take on some loyalty attitudes. Any organization should consider loyalty attitudes to be an important part of customer satisfaction. It works as a metric. The logistics behind it is that all your efforts in this field need to be directed at gaining and regaining more favorable customer attitudes so we can expect more loyalty from them. According to the Theory of the Achievement Zone by Shane Murphy, sometimes result-orientation does not gain clients loyalty. Hence, loyalty behavior considered a metric, which entails either a result or an outcome

3.25.1Economic Outcomes

Economic outcomes are mainly classified in to two. They are purchase increase and share of customer. This means future transactions with the bank. When there is a trust and commitment, customers must improve their future transactions with particular bank. They try to make all banking transactions with the same bank than other banking and financial service providers.

Therefore, the researcher formulated following hypotheses to test the impact of customer trust and commitment on purchase increase and share of transactions in Kerala Based Commercial Banks.

H12: Customer trust has positive impact on purchase increase.

H13: Commitment has positive impact on purchase increase.

H14: Trust is positively related with share of customer.

H15: Commitment is positively related to share of customer

3.25.2 Resource Outcomes

Resource outcomes include market support participation, positive word of mouth and sharing of personal information. Satisfied, trusted and committed customer must act as a free advertisement and actively engage in market support participations programs. They also have confidence and they must share personal information. They provide feedback about the products and services and they participate in new product and development. They also recommend and encourage friends and relatives to do business with the same company.

In this context, the researcher has formulated following hypotheses to test the impact of commitment and trust on resource outcomes in Kerala Based Commercial Banks.

H16: Trust has positive impact on market support participation.

H17: Commitment has positive impact on market support participation.

H18: Trust has positive impact on word of mouth marketing.

H19: Commitment has positive impact on word of mouth marketing.

H20: Trust is positively related with sharing of personal information.

H21: Commitment is positively related with sharing of personal information

3.25.3 Social Outcomes

Satisfied, trusted and committed customers are very easy to handle and maintain. They are very open to firm's promotional activities. They often notice and pay attention to companys' advertising and read materials regarding new products and services offered by company. Then customers have ease of voice with the company. They become comfortable in handling their problems and complaints.

On the basis of above arguments, the following hypotheses have formulated to test the impact of trust and commitment on social outcomes in Kerala Based Commercial Banks.

H22: Trust is positively related to ease of voice.

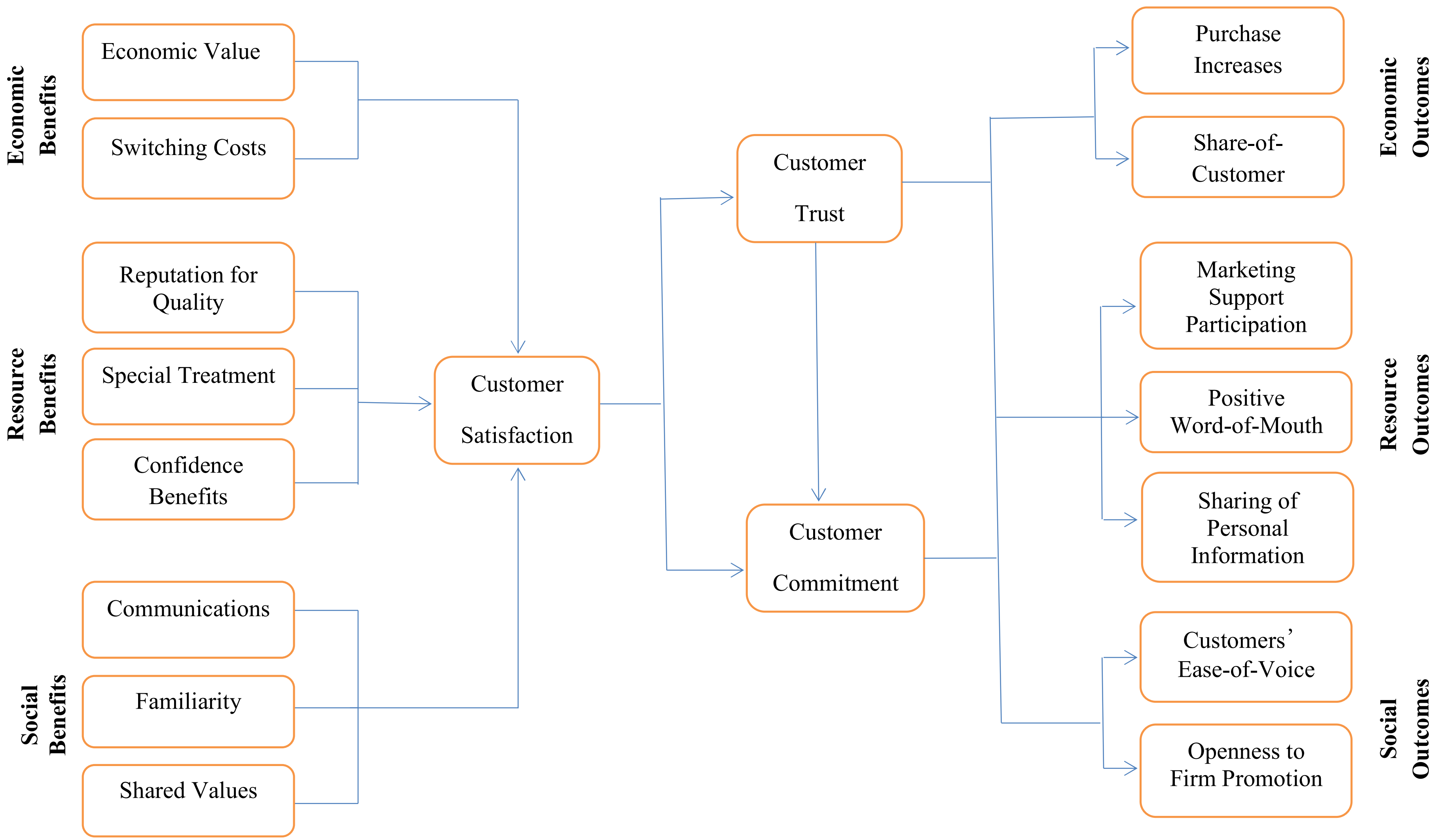
H23: Commitment is positively related to ease of voice.

H24: Trust has a positive impact on firm's promotion.

H25: Commitment has a positive impact on firm's promotion.

In the current research, the researcher tries to analyse the impact of loyalty programs on customer satisfaction in Kerala Based Commercial Bank customers. In order to bring out the impact of loyalty programs on customer satisfaction, the researcher has developed a model based on the above theoretical framework. It is given below

Figure 3.1 Proposed Model for the study



This model represents perceived benefits of loyalty programs or antecedents of loyalty programs and it shows how it leads to customer satisfaction. It also shows the role of customer satisfaction on trust and commitment. Thus, finally it reveals the impact of loyalty programs on customers as economic outcomes, resource outcomes and social outcomes.

The researcher identified the various perceived benefits from the literature. There are three types of perceived benefits such as economic benefits, resource benefits and social benefits with seven constructs. These benefits lead to customer satisfaction. If there is satisfaction, it will lead to commitment and trust. Committed and trusted customers exhibit loyal behaviour and produce certain outcomes such as purchase increase, share of customer, market support participation, positive word of mouth, sharing of personal information, customers' ease of voice and openness to promotion

The researcher has formulated the following hypotheses also to examine the influence of social stratification and demographic factors on customer loyalty in Kerala Based Commercial banks.

H26: Age of customer creates a difference in customer loyalty.

H27: Occupation of customer creates a difference in customer loyalty.

H28: Monthly income of customer creates a difference in customer loyalty.

H29: Bank approached creates a difference in customer loyalty.

H30: Marital status of customer creates a difference in customer loyalty.

H31: Frequency of bank transactions of the customers creates a difference in loyalty.

H32: Place of work of the customers create a difference in loyalty.

H33: Years of service of the customers create a difference in loyalty

3.26 Conclusion

The main objective of a bank is to satisfy and retain customers. Then the banks thought about the new ways to improve customer satisfaction and retention in bank. Customer retention is possible only through customer satisfaction. Hence, they adopted many strategies, innovative ideas and technologies to satisfy and retain customers. Loyalty programs are one among them. Satisfied customers are more loyal and they will act as free advocates of bank.

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CHAPTER IV

ANALYSIS OF IMPACT OF LOYALTY PROGRAMS ON CUSTOMER SATISFACTION

Chapter 1V

IMPACT OF LOYALTY PROGRAMS ON CUSTOMER SATISFACTION

Contents

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4.12 Validation of hypotheses

4.13 Chapter Summary

4.1. Introduction

In the preceding chapter, a detailed depiction concerning the theoretical framework of the research subject matter was done. It included the various theories and principles associated to the research topic under three sections. It defined the customer satisfaction in banks, customer loyalty and loyalty programs. In addition to these, it provided a conceptual background concerning the number of constructs used in the research for the development of the research model.

4.2 Chapter Overview

This chapter presents the data analysis and its results in detail. The overall data analysis and the results presentation of this chapter has been divided into six major sections.

In the first section of this chapter, the researcher provides an overview of the overall procedures followed to perform preliminary data screening, such as inconsistency check and missing value analysis and its treatment.

In the second section of the chapter, the study detailed the demographic characteristics of the study sample. In this section, the study also detailed the preliminary data analysis, such as descriptive statistics and also the test of assumptions required to perform the analysis of the study data.

In the third section of this chapter, the study elaborated the Exploratory Factor Analyses (EFAs), which was conducted to perform the dimensionality of the scale dimensions. In this section, the study presented three different EFAs followed by the presentation of its results.

In the fourth section, the study discussed the measurement model testing using series of Confirmatory Factor Analyses (CFAs). This was mainly conducted to examine the reliability and validity of the scale measures. In the validity checks, the study presented discriminant and convergent validity checks.

In the fifth section, after the confirmation of the measurement model, the study performed Structural Equation Modelling (SEM) to test the proposed study hypotheses of the research. In addition to this, in this section, the study also conducted test of alternative models to confirm the robustness of the proposed hypothesized model.

In the final section, the study conducted series ANOVAs, and post-hoc tests were performed to check the differences in means of the outcome variables in terms of selected set of demographic factors.

4.3 Section I: Data Screening

This stage of data screening explains the modalities and procedures followed just before the final data analysis to screen the data collected to check the missing values, data inconsistencies, and incompleteness. The following paragraphs details the overall data screening procedures followed in the current research.

It has been recommended that the raw data obtained using the survey questionnaires must undergo preliminary data preparation before they can be used to analyse the data using any kind of statistical techniques (Kumar, Aaker, & Day, 2002). Hence, in accordance with the recommendation, preliminary data cleaning and screening were performed to check for incompleteness and inconsistencies, specifically to guarantee accuracy and precision of the data. This stage of preliminary investigation concerning the data includes consistency checks and treatment of missing responses contained in the overall collected data. Those cases having a missing information for any of the variables in the data were eliminated from all the subsequent computations. Only those cases or sample respondents with complete responses were included for statistical analysis.. Consequently, 30 cases were deleted list wise from the total sample size of 660 because they were found to have missing response.

In this research, the raw data were transferred directly coded from the survey questionnaire into the software platform, SPSS. Hence, the study presumes that the kind of outliers or the values that may occur in data entry and coding would not happen. Altogether after adjusting or treating all the problematic sample data, the study was able to confined to a sample size of 630.

4.4 Section II: Sample Description

In this section, the study first analysed the demographic and other important psychographic characteristics of the study sample in terms of selected characteristics, such as, gender, age, education, type of bank. The detailed analyses of these characteristics were reported in the following Tables.

Respondent's Demographic Characteristics

Demographic characteristics includes following

4.4.1 Gender of the Respondent

The respondents may be either male or female

Table 4.1

Gender of the Respondent

Variable	Categories	Frequency	Percentage
Gender	Male	395	62.698
	Female	235	37.301
	Total	**630**	**100**

Source: Primary Data

It is clear that the majority of the sample respondents were male.37% respondents were females.

4.4.2 Age of the Respondents

For the purpose of the study, sample respondents were divided on the basis of age. Different age groups were as follows**.**

Table 4.2

Age of the Respondents

Variable	Categories	Frequency	Percentage
Age	18- 25 Years	25	3.968
	26-33 Years	125	19.841
	34- 41 Years	187	29.682
	42- 49 Years	78	12.380
	50- 57 Years	98	15.555
	58- 65 Years	96	15.238
	above 65 Years	21	3.333
	Total	**630**	**100**

Source: Primary Data

30% of the respondents were from the age group of 34-41.20% of respondents belong to 26-33 age group. 15% of respondents were from 58-65.only 4%of the respondents were young ie 18-25 years.

4.4.3 Education of the Respondent

Education is an important demographic feature. The current research respondents were also classified on the basis of their level of education.

Table 4.3

Education of the Respondent

Variable	Categories	Frequency	Percentage
Education	Below SSLC	25	3.968
	Plus Two	202	32.063
	Diploma	112	17.777
	Graduate	148	23.492
	Post Graduate	58	9.206
	Professional	12	1.904
	Other Technical	73	11.587
	Total	630	100

Source: Primary Data

The table above shows that 32% of the respondents completed their higher secondary and 23% were graduates. It also reveals that 9% were post graduates.18% completed their diploma. 2% have professional qualification and only 4% were below SSLC

4.4.4 Occupation of the Respondent

In this research, researcher has classified the respondents on the basis of their occupation.

Table 4.4

Occupation of the Respondent

Variable	Categories	Frequency	Percentage
occupation	Housewife	59	9.365
	Govt. Service	118	18.730
	Private Service	214	33.968
	Business	96	15.238
	Professionals	18	2.857
	Self-employment	95	15.079
	Any Other	70	11.111
	Total	630	100

Source: Primary Data

Analysis of occupation shows that most of the respondents (33.96) were doing their work in private sector. 19% were in government service, .15% were doing business, 18% were professionals. 15% were self employed and 11% were responded with any other work.

4.4.5 Place of Work

Place of work may be rural, urban and semi urban**.** The working areas of respondents were different.

Table 4.5

Place of Work

Variable	Categories	Frequency	Percentage
Place of your work	Rural	210	33.31
	Urban	220	34.94
	Semi-Urban	200	31.74
	Total	**630**	**100**

Source: Primary Data

According to place of work, 31.74% of the respondents were working in semi urban area 35 % were working in urban areas and 33% were working in rural areas.

4.4.6 Monthly Income of the Respondent

Monthly income is another factor. For the purpose of the study customers were divided on the basis of income groups.

Table 4.6

Monthly Income of the Respondent

Variable	Categories	Frequency	Percentage
Monthly income	Rs. 10000- 20000	126	20
	Rs. 20000-30000	221	35
	Rs. 30000- 40000	95	15
	Rs. 40000- 50000	88	14
	Rs. 50000 and above	57	9
	No income	43	7
	Total	**630**	**100**

Source: Primary Data

This table reveals that 35% of the respondents had a monthly income in-between 20000 -30000. Only 9% of the respondents were from the income category of Rs 50000. 20% were from the income categories ranging between 10000-20000.14% were in between 40000-50000 and 7 % were in no income group.

4.4.7 Marital status

In the case of banks, there were different types of customer. Respondents were again classified on the basis of their marital status.

Table 4.7

Marital Status

Variable	Categories	Frequency	Percentage
Marital status	Married	395	63
	Unmarried	222	35
	Divorced	13	2
	Total	**630**	**100**

Source: Primary Data

Out of 630, 395 were married, 222 were unmarried.

4.4.8 Banks Approached

The respondents were classified on the basis of the banks approached

Table 4.8

Name of Bank

Variable	Categories	Frequency	Percentage
Name of the Bank	Dhanlaxmi Bank	102	16.190
	South Indian Bank	188	29.841
	Catholic Syrian bank	185	29.365
	Federal Bank	155	24.603
	Total	**630**	**100**

Source: Primary Data

For analysing the data customers were selected from different commercial bank branches.102 customers from Dhanalaxmi Bank, 188 Customers from South Indian Bank, 185 from Catholic Syrian Bank And 155 from Federal Bank.

4.4.9 Number of Years of Service with Bank

Number of years of service is an important factor in this research.

Table 4.9

Number of Years of Service with Bank

Variable	Categories	Frequency	Percentage
Number of years of service With bank	3-6	590	94
	7-10	25	4
	More than 10	15	2
	Total	630	100

Source: Primary Data

For the purpose of analysis, researcher classified the customer according to number of years of service with bank. The researcher has included only customers with more than three years of association with bank. 94% of the respondents had relationship with same bank in between three to six years. Only 2% of the respondents had relationship with the bank more than 10 years.

4.4.10 Frequency of Bank Transactions

Number of transactions made with same bank is also considered under this study**.**

Table 4.10

Frequency of Bank Transactions

Variable	Number of customer	percentage
Daily	50	8
Twice in a week	118	19
Weekly	380	60
Fortnightly	82	13
Monthly	-	0
Total	**630**	**100**

Source: Primary Data

Frequent customers were selected for the study. Other customers were eliminated at the time of data cleaning. All the customers made at least 2 transactions in a month. Only 8% have daily bank transactions. 19% make transactions twice in a week. 60% have weekly transactions. 13% have fortnightly transactions. Most of them have weekly transactions with the bank.

4.4.11 Source of Information about Bank Services

Customers receive information about bank services through various sources. These important sources included Friends, relatives, colleagues Newspaper or other print media, Radio, Television, Internet, Bank staff or brochure, Employer, Sales person, Sales person and Exhibition and trade shows

Table 4.11

Source of Information about Bank Services

Sl No.	Sources	Frequency	Percentage
1	Friends, relatives ,colleagues	98	15.55
2	Newspaper or other print media	83	13.17
3	Radio	12	1.9
4	Television	85	13.4
5	Internet	50	7.93
6	Bank staff or brochure	58	9.2
7	Employer	14	2.22
8	Sales person	22	3.49
9	Telephone	152	24.12
10	Exhibition and trade shows	56	8.88
	Total	**630**	**100**

Source: Primary Data

24 % of the respondents got information about banks' services through telephone and friends and relatives.13.17% respondents get information through news paper or other print media. Only 1.9% get information from radio. 13.4 % were from

television. Internet is also a source of information for 7.93%.Another sources were bank staff ,employer and exhibition and trade shows

4. 5 Descriptive Statistics of Reasons to Select the Bank

Customers select a particular bank after analysing so many factors. There may be a reason for selecting a bank.

Reasons for Selecting Bank

Researcher identified various reasons for selecting a particular bank viz convenience, safety, variety of services, reputation of bank, advice of friends and relatives ,staff behaviour, interest rate, fair dealings ,technology, service hours, working hours, speed of transaction and simplicity.

Table 4.12

Descriptive Statistics of Reasons for Selecting this Bank

convenience		**Safety**		**Wide variety of products**	
Mean	3.879	Mean	3.816	Mean	3.862
Standard Error	0.050	Standard Error	0.048	Standard Error	0.048
Standard Deviation	1.271	Standard Deviation	1.218	Standard Deviation	1.206
Count	**630**	**Count**	**630**	**Count**	**630**

Source: Primary Data

Table 4.13

Reasons for Selecting this Bank

Network of branches		**Bank Reputation**		**Advice of friends and relatives**	
Mean	3.731	Mean	3.758	Mean	3.656
Standard Error	0.049	Standard Error	0.047	Standard Error	0.049
Standard Deviation	1.253	Standard Deviation	1.183	Standard Deviation	1.240
Count	**630**	**Count**	**630**	**Count**	**630**

Source: Primary Data

Table 4.14

Reasons for Selecting this Bank

Staff behaviour		**Fair dealings**		**Competitive Interest rate**	
Mean	3.798	Mean	3.758	Mean	3.656
Standard Error	0.047	Standard Error	0.047	Standard Error	0.049
Standard Deviation	1.184	Standard Deviation	1.183	Standard Deviation	1.240
Count	**630**	**Count**	**630**	**Count**	**630**

Source: Primary Data

Table 4.15

Reasons for Selecting this Bank

Service Hours		**Technology**		**Working Hours**	
Mean	3.756	Mean	3.809	Mean	3.809
Standard Error	0.048	Standard Error	0.049	Standard Error	0.049
Standard Deviation	1.215	Standard Deviation	1.243	Standard Deviation	1.243
Count	**630**	**Count**	**630**	**Count**	**630**

Source: Primary Data

Table 4.16

Reasons for Selecting Bank

Speed of delivery		**Simplicity**	
Mean	3.715	Mean	3.743
Standard Error	0.048	Standard Error	0.047
Standard Deviation	1.225	Standard Deviation	1.182
Sample Variance	1.501	Sample Variance	1.397
Count	**630**	**Count**	**630**

Source: Primary Data

In the above Tables, the study analysed various reasons to select the bank, and how the selected participants responded to each question. The descriptive statistics for different reasons, specifically the mean values of these reasons reported above the average value of 3.5. Hence, the study concluded that these reasons were important while selecting the banks for their banking transactions.

Table 4.17

Ranking of Reasons to Select Bank

Reasons	**Mean score**	**Rank**
Convenience	3.879	1
Safety of fund	3.816	3
Wide variety of products	3.862	2
Network of branches	3.731	11
Bank reputation	3.754	9
Advice of friends and relatives	3.655	14
Behaviour of bank staff	3.798	6
Fair dealings	3.758	7
Competitive interest rate	3.656	13
Suitable working hours	3.810	4
Reasonable service hours	3.756	8
Use of technology	3.809	5
Speedy delivery	3.715	12
Simplicity	3.743	10

Source: Primary Data

The above table reveals that convenience is the most important factor. Its mean value is 3.879.Wide variety of products got second rank in selecting the bank .Its mean value is 3.862. Then next important reason is the safety of fund, its mean value is 3.816. Fourth reason is suitable working hours; its mean score is 3.810. After suitable working hours, customer prefers certain banks due to usage of technology, its mean score is 3.809. Then next important reason is behaviour of bank staff having mean score of 3.798.

Other important reasons were Behaviour of bank staff (mean score 3.798), Fair dealings (mean score3.758), Reasonable service hours (mean score 3.756), Bank reputation(mean score 3.754), Simplicity(mean score 3.743), Network of branches(mean score 3.731), Speedy delivery(mean score 3.715), Competitive interest rate(mean score 3.656) and Advice of friends and relatives(mean score 3.655).

4.6: Section III: Descriptive Statistics of the Study Measures

There were 18 different constructs. Here present the item wise descriptive statistics of constructs and variables. This table presents mean, standard deviation and variance of all the variables in the current research.

Table 4.18

Item Wise Descriptive Statistics

Variables	N	Mean	Std. Deviation	Variance
Economic value				
I get an excellent buy for the money.	630	3.47	.899	.808
Prices charged by this bank were extremely fair	630	3.47	.862	.743
The firm offering is not a very good value for the money,	630	3.59	.826	.682

This bank gives me real value	630	3.52	.863	.744
Switching cost				
Switching would take a lot of time and effort.	630	3.49	.847	.717
It would require more time than I am willing to put forth	630	3.52	.876	.767
It would cost me very little if I wanted to leave, (rc)	630	3.49	.921	.849
It would be expensive.	630	3.49	.894	.799
Company reputation				
This bank (bank) has a good reputation.	630	3.47	.881	.775
This bank is known to provide good service	630	3.45	.901	.812
This bank has a positive overall reputation	630	3.49	.895	.802
This bank is negatively viewed by most people.	630	3.49	.916	.839
Special treatment				
This bank does things for me that they don't do for most customers	630	3.47	.920	.846
I am usually placed higher on the priority list when there is a line.	630	3.47	.899	.808
I get faster service than most customers.	630	3.57	.920	.847
I get better treatment than do most customers.	630	3.49	.909	.827
I get special things from the bank that most customers don't get.	630	3.51	.854	.730
Confidence benefits				
I believe there is less risk that something will go wrong by using this bank.	630	3.46	.887	.786
I have less anxiety when I use this bank than another service provider	630	3.52	.921	.848
I know what to expect when I use the services of this bank.	630	3.49	.901	.811
I know this bank's procedures well.	630	3.48	.938	.879
Communication				

This bank keeps me informed of new bank developments	630	3.51	.839	.704
This bank communicates with me frequently	630	3.55	.865	.748
The quality of communication from this bank is consistently high.	630	3.53	.909	.826
This bank constantly updates me with regard to new services.	630	3.56	.896	.804
Familiarity				
I am personally recognized	630	3.53	.949	.901
The people who work there know who I am.	630	3.54	.950	.902
The people who work there were familiar with me.	630	3.48	.871	.759
The people who work there remember me.	630	3.41	.888	.788
Shared values				
The values that are consistent with my own personal values.	630	3.52	.919	.844
The values that Reflect the type of person that I am.	630	3.46	.907	.822
The values that are compatible with the things I believe in.	630	3.55	.951	.904
The values that are similar to my own.	630	3.54	.881	.776
satisfaction				
I am very much satisfied with the services offered by the bank	630	3.48	.883	.780
I consider the overall interactions with the bank as satisfactory one	630	3.46	.872	.761
The bank offers services at par with my expectations	630	3.50	.901	.812
The bank is always there to provide services to meet my all financial requirements.	630	3.51	.876	.767
I am satisfied with overall performance of bank.	630	3.56	.907	.822
Commitment				

My relationship with this bank is one that I am very committed to	630	3.49	.867	.752
My relationship with this bank is very important to me.	630	3.54	.908	.825
My relationship with this bank is of very little significance to me. (rc)	630	3.45	.889	.790
My relationship with this bank is one that I really care about	630	3.51	.905	.818
My relationship with this bank is worth my effort to maintain.	630	3.49	.908	.824
Trust				
My experience with this bank is very honest and truthful.	630	3.57	.953	.909
My experience with this bank is has high integrity	630	3.44	.894	.799
My experience with this bank can be trusted completely	630	3.53	.914	.836
My experience with this bank cannot be trusted at times	630	3.47	.907	.822
My experience with this bank can be counted on to do what is right	630	3.51	.892	.796
Purchase increase				
In the next 12 months, how likely were you to do business with this bank more often?	630	3.49	.878	.771
Share of customer				
In the next 12 months, how likely were you to make a larger share of your banking and financial services from this bank, rather than from other banking and financial service providers.	630	3.44	.899	.808
Market support participation				
Provide feedback about new services offered by this bank.	630	3.49	.887	.786

Share my feelings about unmet needs.	630	3.48	.896	.803
Participate in new product or service development testing.	630	3.47	.898	.806
Provide feedback about this bank's advertising.	630	3.45	.885	.783
Discuss my views about this bank's quality of service	630	3.46	.877	.770
Positive word of mouth				
I am willing to encourage friends and relatives to do business with this bank.	630	3.58	.870	.756
I am willing to recommend this bank whenever anyone seeks my advice	630	3.53	.939	.882
When the topic of [banking services] comes up in conversation, I am willing to go out of my way to recommend this bank.	630	3.44	.898	.807
I am willing to recommend this bank to my friends.	630	3.48	.920	.847
Ease of voice				
1 am comfortable talking to this bank about my complaint.	630	3.47	.858	.736
1 am not afraid to discuss my complaint with this bank	630	3.51	.866	.750
They make me feel at ease with my complaint	630	3.45	.897	.804
I discuss my complaint with them.	630	3.45	.874	.763
Sharing of personal information				
Willingness to provide your name and address so that you can be notified about new product or services updates.	630	3.47	.939	.881
Willingness to fill out a form about your purchases so that they can better serve their customers	630	3.52	.898	.807

That in order to provide more personalized information to you, they ask your permission to track your (product category) purchases.	630	3.49	.920	.846
Willingness to provide your name and answer some questions about your preferences, so that your future interactions with this firm can be more personalized	630	3.51	.926	.857
Openness to promotion				
I often notice and pay attention to this bank's advertising compared to promotional mailings sent by other companies to me	630	3.58	.871	.759
I am more likely to read mail promotions sent by this bank.	630	3.54	.896	.803
I often notice and pay attention to information this bank sends to me.	630	3.47	.883	.779
I read materials sent to me regarding new products and services offered by this bank.	630	3.49	.918	.843
Valid N (list wise)	630			

Source: Primary Data

Referring to above Table, It can be noted that the mean and standard deviations for the 18 different constructs for the data set ranged in between 3.50 to 4 and the standard deviation ranged between .70 to .90, which suggest a substantial amount of variance in the responses.

4.7 Test of Normality

It is recommended that the multivariate normality of the data can be detected by inspecting and confirming univariate normality and linearity of the study variables (Gnanedesikan, 1977). Hence, in this study, as part of assumption checks, the researcher analysed the statistical test for normality using Kolmogorov-Smirnov test and later analysed the Shaprio Wilk test.

Table 4.19

Tests of Normality

Variables	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	df	Sig.
I get an excellent buy for the money.	.018	630	.200*	.998	630	.781
Prices charged by this bank were extremely fair	.030	630	.200*	.998	630	.474
The firm offering is not a very good value for the money,	.029	630	.200*	.998	630	.489
This bank gives me real value	.023	630	.200*	.999	630	.933
Switching would take a lot of time and effort.	.022	630	.200*	.997	630	.263
It would require more time than I am willing to put forth	.025	630	.200*	.995	630	.046
It would cost me very little if I wanted to leave, (rc)	.026	630	.200*	.992	630	.001
It would be expensive.	.018	630	.200*	.998	630	.543
This bank (bank) has a good reputation.	.027	630	.200*	.998	630	.726
This bank is known to provide good service	.024	630	.200*	.997	630	.450
This bank has a positive overall reputation	.020	630	.200*	.997	630	.202
This bank is negatively viewed by most people, (rc	.019	630	.200*	.997	630	.345
This bank does things for me that they don't do for most customers	.028	630	.200*	.998	630	.596
I am usually placed higher on the priority list when there is a line.	.030	630	.200*	.997	630	.242
I get faster service than most customers.	.024	630	.200*	.998	630	.785

I get better treatment than do most customers.	.022	630	.200*	.998	630	.639
I get special things from the bank that most customers don't get.	.020	630	.200*	.997	630	.356
I believe there is less risk that something will go wrong by using this bank.	.020	630	.200*	.998	630	.518
I have less anxiety when I use this bank than another service provider	.022	630	.200*	.997	630	.342
I know what to expect when I use the services of this bank.	.020	630	.200*	.997	630	.382
I know this bank's procedures well.	.022	630	.200*	.996	630	.137
This bank keeps me informed of new bank developments	.032	630	.187	.997	630	.314
This bank communicates with me frequently	.019	630	.200*	.998	630	.875
The quality of communication from this bank is consistently high.	.023	630	.200*	.998	630	.769
This bank constantly updates me with regard to new services.	.025	630	.200*	.998	630	.819
I am personally recognized	.022	630	.200*	.999	630	.887
The people who work there know who I am.	.019	630	.200*	.996	630	.139
The people who work there were familiar with me.	.027	630	.200*	.998	630	.520
The people who work there remember me.	.023	630	.200*	.997	630	.449
The values that are consistent with my own personal values.	.017	630	.200*	.998	630	.617
The values that Reflect the type of person that I am.	.030	630	.200*	.998	630	.598
The values that are compatible with the things I believe in.	.020	630	.200*	.998	630	.731

The values that are similar to my own.	.022	630	.200*	.998	630	.611
I am very much satisfied with the services offered by the bank	.029	630	.200*	.997	630	.301
I consider the overall interactions with the bank as satisfactory one	.038	630	.034	.997	630	.192
The bank offers services at par with my expectations	.024	630	.200*	.998	630	.547
The bank is always there to provide services to meet my all financial requirements.	.023	630	.200*	.997	630	.409
I am satisfied with overall performance of bank.	.018	630	.200*	.998	630	.746
My relationship with this bank is one that I am very committed to	.025	630	.200*	.997	630	.208
My relationship with this bank is very important to me.	.021	630	.200*	.997	630	.359
My relationship with this bank is of very little significance to me. (rc)	.029	630	.200*	.998	630	.569
My relationship with this bank is one that I really care about	.025	630	.200*	.997	630	.433
My relationship with this bank is worth my effort to maintain.	.021	630	.200*	.997	630	.411
My experience with this bank is very honest and truthful.	.023	630	.200*	.998	630	.862
My experience with this bank is has high integrity	.014	630	.200*	.999	630	.948
My experience with this bank can be trusted completely	.030	630	.200*	.997	630	.386
My experience with this bank cannot be trusted at times	.021	630	.200*	.999	630	.977
My experience with this bank can be counted on to do what is right	.029	630	.200*	.998	630	.558

In the next 12 months, how likely were you to do business with this bank more often?	.021	630	.200*	.999	630	.916
In the next 12 months, how likely were you to make a larger share of your banking and financial services from this bank , rather than from other (banking and financial service providers)	.022	630	.200*	.998	630	.721
Provide feedback about new services offered by this bank.	.024	630	.200*	.998	630	.848
Share my feelings about unmet needs.	.026	630	.200*	.999	630	.915
Participate in new product or service development testing.	.024	630	.200*	.997	630	.428
Provide feedback about this bank's advertising.	.023	630	.200*	.998	630	.819
Discuss my views about this bank's quality of service	.029	630	.200*	.998	630	.708
I am willing to encourage friends and relatives to do business with this bank.	.028	630	.200*	.997	630	.416
I am willing to recommend this bank whenever anyone seeks my advice	.025	630	.200*	.998	630	.798
When the topic of [banking services] comes up in conversation, I am willing to go out of my way to recommend this bank.	.021	630	.200*	.997	630	.448
I am willing to recommend this bank to my friends.	.020	630	.200*	.998	630	.809
1 am comfortable talking to this bank about my complaint.	.014	630	.200*	.998	630	.659
1 am not afraid to discuss my complaint with this bank	.024	630	.200*	.997	630	.260
They make me feel at ease with my complaint	.022	630	.200*	.997	630	.431

I discuss my complaint with them.	.026	630	.200*	.998	630	.581
Willingness to provide your name and address so that you can be notified about new product or services updates.	.024	630	.200*	.998	630	.655
Willingness to fill out a form about your purchases so that they can better serve their customers	.022	630	.200*	.999	630	.921
That in order to provide more personalized information to you, they ask your permission to track your (product category) purchases.	.025	630	.200*	.991	630	.001
Willingness to provide your name and answer some questions about your preferences, so that your future interactions with this firm can be more personalized	.022	630	.200*	.997	630	.407
I often notice and pay attention to this bank's advertising compared to promotional mailings sent by other companies to me	.019	630	.200*	.998	630	.704
I am more likely to read mail promotions sent by this bank.	.020	630	.200*	.996	630	.149
I often notice and pay attention to information this bank sends to me.	.036	630	.057	.996	630	.107
I read materials sent to me regarding new products and services offered by this bank.	.024	630	.200*	.999	630	.986
*. This is a lower bound of the true significance.						
a. Lilliefors Significance Correction						

Source: Primary Data

As reported in above Table, the study checked the normality of the data concerning each item considered to measure different constructs. To check the same, the study used two different tests, such as Kolmogorov-Smirnovand Shapiro-Wilk. Thus, the study supported the fact that the data follows the assumption of normality because its p-value is greater than .05.

4.8: Section IV: Exploratory Factor Analysis

The descriptive statistics presented in the previous section of the present study provided a profile and basic description of the items considered in the study, and a brief description of the data set, which paved the pathway or guidance for conducting the multivariate analyses (Malhotra, 2007). In this section, the researcher details the Exploratory Factor Analyses (EFAs) conducted using the measurement items. Exploratory factor analysis was performed to identify the underlying dimensional structure of the measurement items, and also to test whether the a priori dimensional structure for the selected scales or sub-scales is consistent with the structure obtained with the particular set of measures (Stewart, 1981).

EFA is a useful analytic tool used by the researchers or data analysts to empirically understand the number of constructs that underlie a set of items considered in the study. (DeVellis, 1991). The several methods for performing an exploratory factor analysis was proposed, which include principal components, principal axis factoring, alpha factor analysis, maximum likelihood method, etc. (Stewart, 1981). In this, PCAwith orthogonal rotation is the most popular and frequently used factoring method. Hence, in the current study, the researcher used series of EFA using PCA.

As part of this EFA, to select the number of factors or to extract the factors the eigen value criterion and the scree test were often used as the popular criteria (DeVellis, 1991; Hinkin, 1995). In this, the eigen value rule used is that the researcher retains only those factors that explain more variance than the average amount explained by an original item (DeVellis, 1991). The use of the scree plot involves plotting the eigen values of the factors in descending order of magnitude of the factor eigen values against their factor numbers and identifying where the eigenvalues level off. For identifying the number of factors, this method direct the investigator for the visual inspection of the inflection point between a steep slope and the levelling of the eigenvalues, which in turn indicates the number of meaningful factors.. Hence, in the current study, the researcher used the prior literature and the domain understanding to extract and retain the number of factors.

While doing the process of factor extraction, the concept of factor rotation has to be applied to aid interpretation of extracted components by identifying the conceptual relationships among the incorporated items in the analysis. This rotation of factors can also help the investigator to simplify and improve the interpretation of the factor structure generated in the analysis by eliminating ambiguities in the factor loading structure that often acbank initial, confusing, and non-rotated factor solutions (Mitchell,1994). Among the approaches used in rotating the measurement items, varimax rotation is the most commonly used orthogonal rotation approach (DeVellis, 1991;Mitchell, 1994). This method of varimax rotation helps the data analyst or the researcher to understand effects occurs in the original data and also facilitates better factor interpretation by minimizing the number of items with higher loadings on any one of the extracted factors. After performing varimax rotation in the EFA process, each original variable used in the analysis tends to be associated with one or a minimum number of factors, and also direct the researcher to get a structure where each factor indicates only a small number of items. Hence, considering the importance of varimax rotation, here in the current study the researcher applied a PCA with varimax rotation method. From the factor structure matrix the magnitude of factor loadings of individual items confirms whether an item should be retained in that factor or removed from it. In general practice, a factor loading of 0.40 or greater is often recommended as the suggested criterion for retaining an item in a component (Hinkin, 1995). Following this, in the present research, the researcher also followed the stated recommendation, where those measurement items with factor loadings lower than the cut-off point of 0.40 were eliminated from the factor structure

DeVellis (1991) recommend that this stage of EFA helps the investigator to explore latent variables and its underlying representative measurements with a set of items, but not necessarily the concept assumed to operationalized in the study; hence, the results of EFA sometimes merely confirms empirical relationships or interdependence among measurements with a specific set of measures. This mode of EFA indicates the operationalization of the latent construct but not necessarily in all cases the construct itself (DeVellis, 1991, p. 107). For doing this, Confirmatory factor analysis is another technique or factor analytic strategy used by the investigator, and it followed to confirm an expected factor structure of the measurement items rather than to determine or identify the latent structure (DeVellis, 1991). Hence, in a departure from exploratory factor analysis, the desired factor structure undertaken as part of the study needs to be clarified or confirmed in confirmatory factor analysis.

In the current study, three different EFAs were conducted. In the first stage, an EFA was performed using all the items measuring the outcomes, such as purchase increase, share of customer, marketing support participation, positive word of mouth, sharing of personal information, customers' ease of voice, and openness to firm promotion. In the second EFA, the items covering mediating factors were incorporated. These dimensions were: customer satisfaction, trust and commitment. In the third EFA, the study incorporated all those items covering the independent variables (e.g., economic value, switching costs, reputation for quality, special treatment, confidence benefits, communications, and shared values).

4.8.1 Stage One: EFA One

In this stage, study included twenty-three items covering seven different dimensions. As reported in Table 4.20, the factor analysis results supported a KMO value of 0.669, and Bartlett's test of Sphericity = 3889.319, $p < 0.01$. This supported that factor analysis was suitable for these factors.

Table 4.20

KMO and Bartlett's Test

: KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.669
Bartlett's Test of Sphericity	Approx. Chi-Square	3889.319
	Df	378
	Sig.	.000

Source: Primary Data

Table 4.21

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.616	16.486	16.486	4.616	16.486	16.486	3.240	11.572	11.572
2	3.927	14.027	30.513	3.927	14.027	30.513	3.200	11.429	23.001
3	2.669	9.534	40.047	2.669	9.534	40.047	3.083	11.011	34.012
4	1.993	7.117	47.164	1.993	7.117	47.164	2.638	9.423	43.435
5	1.790	6.394	53.558	1.790	6.394	53.558	2.312	8.256	51.692
6	1.667	5.953	59.511	1.667	5.953	59.511	1.792	6.398	58.090
7	1.392	4.971	64.482	1.392	4.971	64.482	1.790	6.392	**64.482**

Extraction Method: Principal Component Analysis.

The total variance explained by these seven factors revealed a total variance of 64.48 %

4.8.2 EFA One Factor Loading Matrix

In EFA one factor loadings of seven items were considered. Factor loadings of positive word of mouth, market support participation, personal information, ease of voice, Openness to Promotion, Share-of-Customer and Purchase Increases were following. There were variables under each constructs.

Table 4.22
EFA One

Factor	**Factor Loadings**
Word-of-Mouth (4 items)	
I am willing to encourage friends and relatives to do business with this bank	0.70
I am willing to recommend this bank whenever anyone seeks my advice	0.72
When the topic of [banking services] comes up in conversation, I am willing to go out of my way to recommend this bank.	0.77
I am willing to recommend this bank to my friends	0.81
Marketing Support (5 items)	
Provide feedback about new services offered by this bank.	0.82
I Share my feelings about unmet needs	0.83
Participate in new product or service development testing	0.82
Provide feedback about this bank's advertising.	0.88
Discuss my views about this bank's quality of service	0.79
Personal Information (4 items)	

To provide your name and address so that you can be notified about new product or services updates.	0.76
To fill out a form about your purchases so that they can better serve their customers.	0.77
That in order to provide more personalized information to you, they ask your permission to track your (product category) purchases.	0.71
To provide your name and answer some questions about your preferences, so that your future interactions with this firm can be more personalized.	0.75
Ease-of-Voice (4 items)	
1 am comfortable talking to this bank about my complaint.	0.76
1 am not afraid to discuss my complaint with this bank.	0.75
They make me feel at ease with my complaint.	0.78
I discuss my complaint with them.	0.75
Openness to Promotion (4 items)	
I often notice and pay attention to this bank's advertising compared to promotional mailings sent by other companies to me.	0.78
I am more likely to read mail promotions sent by this bank.	0.76
I often notice and pay attention to information this company sends to me.	0.77
I read materials sent to me regarding new products and services offered by this bank.	0.73
Share-of-Customer (1 item)	
In the next 12 months, how likely were you to make a larger share of your banking and financial services from this bank, rather than from other banking and financial service providers	0.73
Purchase Increases (1 item)	
In the next 12 months, how likely were you to do business with this bank more often?	0.76

Source: Primary Data

Further the analysis of communality and factor loadings (λ) revealed that all the items covering the constructs were loaded into respective factors, and these loadings were above the suggested cut-off of 0.50.

4.8.3 EFA Two

In the second stage, the study performed an EFA using all those items covering the three mediators. The factor analysis results supported a KMO value of 0.754, and Bartlett's test of Sphericity = 5797.531, $p < 0.01$ (See Table 4.19)...

Table 4.23
KMO and Bartlett's Test

Table 4.43: KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.754
Bartlett's Test of Sphericity	Approx. Chi-Square	5797.531
	Df	630
	Sig.	.000

Source: Primary Data

4.8.4 EFA Two Factor Loading Matrix

In EFA two mediators were considered. Factor loadings of commitment, trust and satisfaction were as follow**s**

Table 4.24

EFA Two

Factor	**EFA factor loadings**
Commitment (5 items)	
I am very committed with this bank	0.81
This bank is very important to me.	0.83
is of very little significance to me. (rc)	0.87
is one that I really care about	0.82
is worth my effort to maintain	0.69
Trust (5 items)	
This bank is very honest and truthful.	0.76
This bank has high integrity	0.81
This can be trusted completely.	0.87
This bank cannot be trusted at times, (rc)	0.87
This bank can be counted on to do what is right.	0.79
Satisfaction (5 items)	
I am very much satisfied with the services offered by the bank	0.86
I consider the overall interactions with the bank as satisfactory one	0.71
The bank offers services at par with my expectations	0.83
The bank is always there to provide services to meet my all financial requirements.	0.87
Iam satisfied with overall performance of bank.	0.71

Source: Primary Data

Further, from the analysis, no cases of cross loadings were reported and these loadings were above the suggested cut-off of 0.50.

Table 4.25

Principal Component Analysis

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.704	18.622	18.622	6.704	18.622	18.622	5.927	16.465	16.465
2	5.806	16.129	34.750	5.806	16.129	34.750	5.804	16.121	32.586
3	2.098	5.826	48.110	2.098	5.826	48.110	2.217	6.157	**58.110**

Extraction Method: Principal Component Analysis.

In addition, all these items were loaded highly into the respective factors with a total variance extracted of 58% . Thus, we supported the three-dimensional factor structure of the scale, trust, commitment and satisfaction

4.8.5 EFA Three

The study conducted a third EFA incorporating all the items covering the independent variable dimensions. The factor analysis results supported a KMO = 0.675, and Bartlett's test of Sphericity = 13754.580, $p< 0.01$.

Table 4.26

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.675
Bartlett's Test of Sphericity	Approx. Chi-Square	13754.580
	Df	2080
	Sig.	.000

Source: Primary Data

Table 4.27

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	11.618	23.236	23.236	11.618	23.236	23.236
2	5.994	11.987	35.224	5.994	11.987	35.224
3	4.566	9.131	44.355	4.566	9.131	44.355
4	3.150	6.299	50.654	3.150	6.299	50.654
5	2.181	4.361	55.015	2.181	4.361	55.015
6	1.858	3.716	58.732	1.858	3.716	58.732
7	1.554	3.109	61.841	1.554	3.109	61.841
8	1.478	2.956	64.796	1.478	2.956	64.796

Extraction Method: Principal Component Analysis.

All these factors explained a total variance of 64.7%. Moreover, the results also confirmed that all these items reported high loadings.

4.8.6 Factor Loading Matrix (EFA Three)

Economic Value, Switching Costs, Reputation for Quality, Special Treatment, Confidence Benefits, Communication, Familiarity and Shared Values were come under EFA three.

Table 4.28

EFA three

Factor	Factor Loadings
Economic Value (4 items)	
I get excellent buy for the money	0.77
The [firm offering] is not a very good value for the money, (rc	0.76
Prices charged by this bank were extremely fair	0.77
This bank gives me real value.	0.84
Switching Costs (4 items)	
Switching would take a lot of time and effort.	0.77
It would require more time than I am willing to put forth	0.81
It would cost me very little if I wanted to leave.	0.82
It would be expensive	0.86
Reputation for Quality (4 items)	
This bank (bank) has a good reputation.	0.82
This bank is known to provide good service	0.81
This bank has a positive overall reputation	0.82
This bank is negatively viewed by most people, (rc	0.67
Special Treatment (5 items)	
This bank does things for me that they don't do for most customers	0.76
I am usually placed higher on the priority list when there is a line.	0.73
I get faster service than most customers.	0.73
I get better treatment than do most customers.	0.71
I get special things from the bank that most customers don't get.	0.79
Confidence Benefits (4 items)	
I believe there is less risk that something will go wrong by using this bank.	0.78
I have less anxiety when I use this bank than another service provider	0.86
I know what to expect when I use the services of this bank.	0.81
I know this bank's procedures well.	0.82
Communication (4 items)	

This bank keeps me informed of new bank developments	0.66
This bank communicates with me frequently	0.64
The quality of communication from this bank is consistently high.	0.68
This bank constantly updates me with regard to new services.	0.78
Familiarity (4 items)	
I am personally recognized	0.68
The people who work there know who I am.	0.65
The people who work there were familiar with me.	0.64
I am familiar with the rules and regulations of the bank.	0.63
Shared Values (4 items)	
Are consistent with my own personal values.	0.78
Reflect the type of person that I am.	0.67
Are compatible with the things I believe in.	0.65
Are similar to my own.	0.63

Source: Primary Data

The examination of factor loadings of these items indicated that as expected the items were loaded into its respective factors.

4.9 Confirmatory Factor Analysis

This section of this chapter explains the measurement model testing results performed to confirm the validity and reliability of the scale measure. This measurement model is necessary before the test of hypotheses. In this study, this measurement model testing was conducted through Confirmatory Factor Analysis (CFA). Validity explains the ability of an instrument (here the scales)to measure what the researcher intended to measure. Similarly, reliability of an instrument examines the extent of random error in the scale measures. In this stage, study decided to perform two types of validity. First type validity called as convergent validity. This type of validity explains the extent of convergence among the items covering the respective dimension. Similarly, the discriminant validity explains the extent of divergence between the items covering the different dimensions. In this stage, the study analysed the reliability of the study measurements using a coefficient, called as Composite Reliability (CR). In the following pages, the study provided the measurement model testing Tables derived from CFA analysis and also provides its interpretations.

4.9.1 Measurement Model Testing: Reliability

The measurement model was tested using the two-step procedure advocated by Anderson and Gerbing (1988). This method of measurement and relational testing allows for rigorous testing of measurement reliability and validity before subjecting the structural model to tests of fit. The measurement model was used to arrive at a group of indicators for each construct that shared a common variance with little unexplained error and little relationship to items reflecting other constructs. In the following sections, the method of measurement specification used in the study is explained and measurement analyses were presented. Both the measurement models and structural models we reanalysed through the application of AMOS 24. As part of this measurement model, the researcher analysed means, standard deviations, and coefficient alphas for all constructs of the model.

Since in this study the researcher used questionnaire based surveys to collect data with regard to the latent variables considered in the study, it is decided to confirm the reliability and validity of the survey instrument or scales used before the test of hypotheses proposed in the study. This stage of confirmation is required, because in order to adequately measure these variables, associated survey instruments must have sufficient reliability and validity (Hair et al., 2010). This was assured through the selection of instruments demonstrating a solid track record of acceptable reliability and construct level validity. Hence, in the first stage of reliability and validity confirmation, reliability checks using the construct wise Cronbach's alphas and construct wise validity checks using confirmatory factor analysis were computed for this study. This stage of analysed helped the researcher to assure data were repeatable or free from random error and gave a confirmation to the fact that the scales used to measure the latent variables measures the construct that the researcher intended to measure. According to Trochim (2006), reliability of the scale explains or refers the fact that the measuring instrument is free from random error or shows the consistency of measurement if repeated. Trochim (2006) noted that reliability was not measured but estimated. Two ways the researchers can perform reliability of the scale measures, such as test/retest reliability and internal consistency reliability. Test/retest reliability denote that giving the test a second time to the same group under the same conditions should yield the same or consistent measurement scores. In most of the cases, test/retest for the population was not feasible, because the survey was given only one time and also testing and retesting is considered to be more time consuming. The second type, internal consistency reliability can be estimated by Cronbach's alpha (also called as coefficient alpha: Cronbach, 1954). It is recommended that the Cronbach's alpha was a type of reliability coefficient that represents the measurement of internal consistency reliability of the scale measure (Kline, 2011). In support with this, Kline (2010) stated that Cronbach's alpha measures internal consistency of the construct items within a group of items. It is also reported that the low level of internal consistency of the scale measures may mean that the total score was not the best unit of measurement for measuring the dimension or the latent construct. In studies, when the number of items increases with related to the construct measure, internal consistency reliability associated with the same may increase (Kline, 2011). In addition, it is also reported that higher level of average (mean) inter-item correlation scores of the items within the scale also shows better internal consistency reliability (Kline, 2011). In the similar lines, Green and Salkind (2008) reported that the coefficient alpha of the construct or the scale measures required and it should be compulsorily reported to show the internal consistency of the items, because this shows that there exists consistency among the items and hence, these items together measure the same dimensions. A higher level of reported coefficient alpha indicates a greater level of consistency of the scale.

According to Churchill (1979), the coefficient alpha is the first measure a researcher should examine in order to assess the internal consistency reliability of the measures. As reported in the table, the analysis supported that the alpha levels for the multi-item scales ranged from .60 to .90—evidence that with the exception of switching costs and bank reputation for quality, each of the remaining scales had a high degree of internal consistency .Indeed, with the exceptions of the scales for switching costs bank reputation for quality and confidence benefits all alphas were at least .65 for the selected sample. Again, referring to it was also found that note the standard deviations for the all the incorporated different constructs for the data set ranged from .80 to 1,which suggest a substantial amount of variance in the responses.

4.9.2 Measurement Model: Convergent validity

In this study, the researcher tested the convergent validity of the scale measures using three different measures. The first measure used is CFA factor loadings. It was recommended that if the CFA factor loadings were above 0.50 and loaded high, then it indicate the evidence of convergent validity. Further, another measure generally used by researchers to confirm the convergent validity is called as: Average Variance Extracted (AVE). If the AVE values were above 0.50 it also indicates the convergent validity of the scale measures. Finally, it is also suggested that if the CR values were above 0.50 it also informs the evidence of convergent validity. In the current study, the researcher used all these three measures for the purpose of checking the same

The examination factor loading reported that all the items measuring its respective dimensions were loaded highly into that factor. In all the cases, the factor ladings were above the suggested cut-off of 0.50. In addition, the examination of estimated CR values supported that for all dimensions the values were above the suggested cut-off of 0.50. Finally, the examination of AVE values (See Table 15) also supported that for all dimensions, the calculated AVE values were above the suggested threshold of 0.50. All these confirmed that the scale measures used to capture different dimensions carrying sufficient convergent validity.

4.9.3 Measurement Model: Discriminant Validity

To examine the discriminant validity, the study followed an important discriminant validity check procedure recommended by Hair et al (2010). In this procedure, it is recommended that if the AVE values of the dimensions were greater that the correlation squwere between the construct pairs it indicate the discriminant validity. As reported in Table, the examination of AVE values with the correlation squwere between the constructs revealed that in all the cases the calculated AVE values were greater than the pair wise correlations. Thus, the study confirmed the fact the scale measures used to measure different dimensions were divergent or it carries adequate level of discriminant validity.

In addition to the aforementioned measures, a variety of goodness-of-fit indices were also available for use in confirmatory factor analysis to indicate the adequacy of measured constructs to a model, but there seems to be little consensus on what were the appropriate indices (Hinkin, 1995). Hinkin (1995) noted that significance of Chi-square was reported most frequently, and the smaller the chi-square value, the better the data fit to the model. However, chi-square is very sensitive to sample size, diverse indices have thus been developed for assessing overall goodness of fit. A ratio of the chi-square value to the degrees of freedom of 5 to 1 was a practical rule of thumb (Hinkin, 1995). Although evaluation of fit indices is somewhat subjective, the higher values, the better the model fit to the empirical data. In addition, Hinkin (1995) reported that fit indices above 0.85 were considered acceptable. The details about the model fit indices used in the present study will be discussed in next section of structural model testing. Considering the recommendations, the study also analysed the goodness of fit of the overall measurement model from the correlated CFA model.. All these directed the study that the scale used to measure different dimensions were valid and reliable, therefore, proceed for hypotheses testing.

4.9.4 Confirmatory Factor Analysis One

CFA one is conducted for word of mouth, market support participation, sharing of personal information, ease of voice ,openness to promotion ,purchase increase and share of customer.

Table 4.29

CFA Factor Loading Matrix

Factor	**CFA Factor Loadings**
Word-of-Mouth (4 items)	
I am willing to encourage friends and relatives to do business with this bank	0.92
I am willing to recommend this bank whenever anyone seeks my advice	0.78
When the topic of [banking services] comes up in conversation, I am willing to go out of my way to recommend this bank.	0.57
I am willing to recommend this bank to my friends	0.68
Marketing Support (5 items)	
Provide feedback about new services offered by this bank.	0.83
I Share my feelings about unmet needs	0.77
Participate in new product or service development testing	0.90
Provide feedback about this bank's advertising.	0.91
Discuss my views about this bank's quality of service	0.69
Personal Information (4 items)	
To provide your name and address so that you can be notified about new product or services updates.	0.71
To fill out a form about your purchases so that they can better serve their customers.	0.77
That in order to provide more personalized information to you, they ask your permission to track your (product category) purchases.	0.86
To provide your name and answer some questions about your preferences, so that your future interactions with this firm can be more personalized.	0.83
Ease-of-Voice (4 items)	
1 am comfortable talking to this bank about my complaint.	0.79
1 am not afraid to discuss my complaint with this bank.	0.83
They make me feel at ease with my complaint.	0.59

I discuss my complaint with them.	0.67
Openness to Promotion (4 items)	
I often notice and pay attention to this bank's advertising compared to promotional mailings sent by other companies to me.	0.72
I am more likely to read mail promotions sent by this bank.	0.76
I often notice and pay attention to information this bank sends to me.	0.89
I read materials sent to me regarding new products and services offered by this bank.	0.75
Share-of-Customer (1 item)	
In the next 12 months, how likely were you to make a larger share of your banking and financial services from this bank, rather than from other banking and financial service providers	0.83
Purchase Increases (1 item)	
In the next 12 months, how likely were you to do business with this bank more often	0.80

Source: Primary Data

4.9.5 Measurement Model

Table 4.30

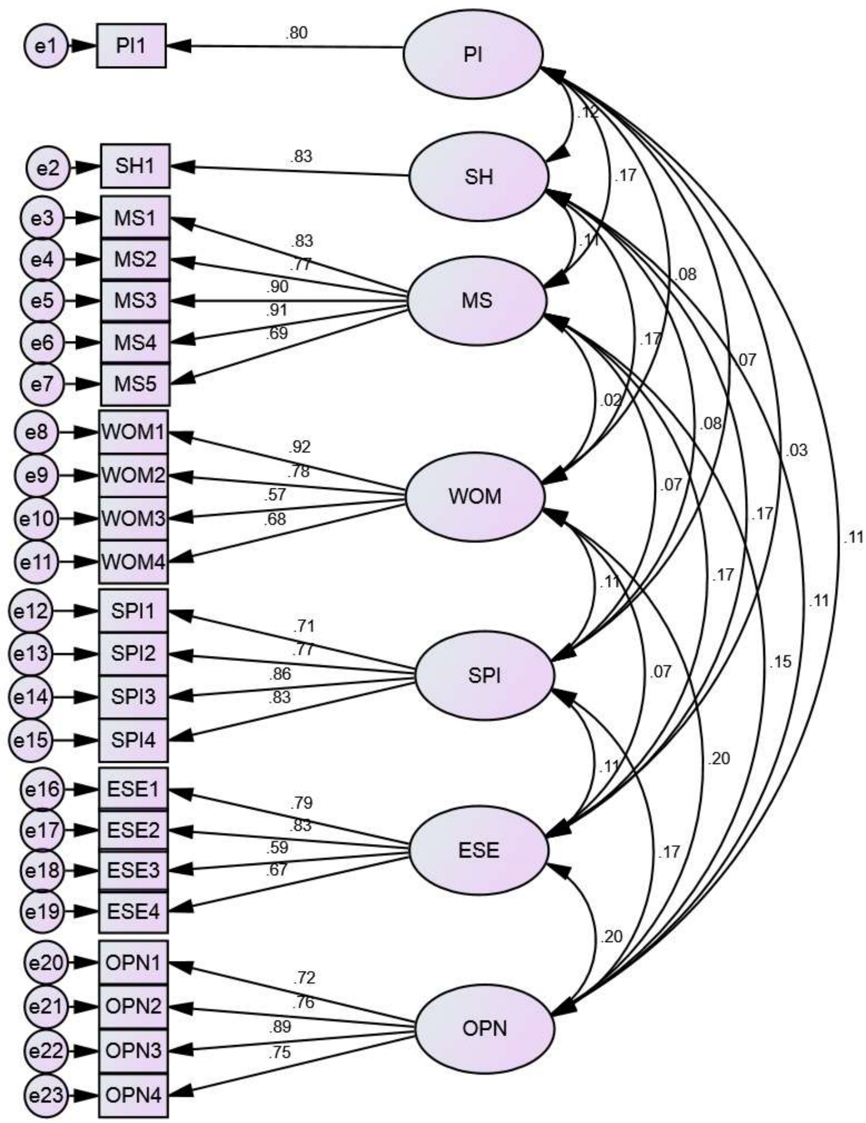
Model Fit Indices

	GFI	AGFI	NFI	RFI	CFI	TLI	RMSEA	RMR
Obtained	.940	.932	.925	.929	.920	.919	.048	.030
Recommended	>.90	>.90	>.90	>.90	>.90	>.90	<0.08	<0.05

Source: Extracted from model

Figure 4.1:

CFA one measurement model



The data were found free from missing values and outliers. The model with seven constructs and its variables was suggesting a good fit in the first estimate as mentioned in the above table. Compared with the generally accepted model standards.

In all the factors, the beta coefficients were larger than 0.5, which indicates strong loadings among the items in each factor. The examination factor loading reported that all the items measuring its respective dimensions were loaded highly into that factor. In all the cases, the factor lodings were above the suggested cut-off of 0.50.

4.9.6 Confirmatory Factor Analysis Two

CFA two is conducted for commitment and its factor loadings are given below:

Table: 4.31

CFA Two (Commitment)

Commitment (5 items)	**CFA Factor Loadings**
I am very committed with this bank	0.83
This bank is very important to me.	0.78
This bank is of very little significance to me. (rc)	0.69
This bank is one that I really care about	0.62
This bank is worth my effort to maintain	0.85

Source Primary Data

4.9.7 Measurement Model

Table no 4.32

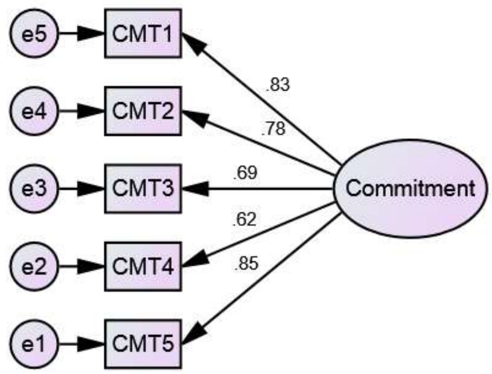
Model Fit Indices of CFA Two

	GFI	**AGFI**	**NFI**	**RFI**	**CFI**	**TLI**	**RMSEA**	**RMR**
Obtained	.939	.927	.926	.927	.932	.926	.029	.025
Recommended	>.90	>.90	>.90	>.90	>.90	>.90	<0.08	<0.05

Source: Extracted from model

Figure 4.2

Measurement Model of Commitment



4.9.8 Confirmatory Factor Analysis Three

Third CFA is conducted on trust of the customer**.**

Table 4.33

CFA Three (Trust)

Trust (5 items)	
This bank is very honest and truthful.	0.69
This bank has high integrity	0.81
This can be trusted completely.	0.72
This bank cannot be trusted at times.	0.70
This bank can be counted on to do what is right.	0.66

Source Primary Data

4.9.9 Measurement Model

Table no: 4.34

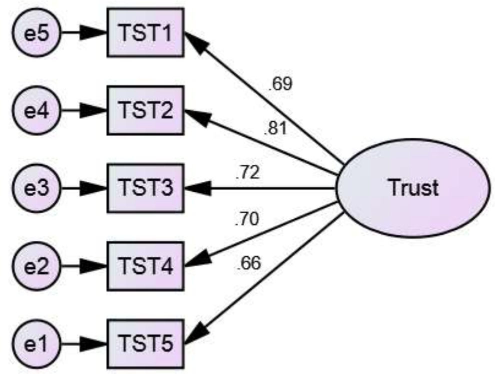
Model Fit Indices

	GFI	**AGFI**	**NFI**	**RFI**	**CFI**	**TLI**	**RMSEA**	**RMR**
Obtained	.948	.930	.928	.929	.922	.917	.017	.020
Recommended	>.90	>.90	>.90	>.90	>.90	>.90	<0.08	<0.05

Source: Extracted from model

Figure 4.3

Measurement Model of Trust



4.9.10 Confirmatory Factor Analysis of Satisfaction

CFA four is conducted on satisfaction of customer.

Table 4.35

CFA Four (Satisfaction)

Satisfaction (5 items)	
I am very much satisfied with the services offered by the bank	0.72
I consider the overall interactions with the bank as satisfactory one	0.77
The bank offers services at par with my expectations	0.92
The bank is always there to provide services to meet my all financial requirements.	0.88
Iam satisfied with overall performance of bank.	0.87

Source: Primary Data

4.9.11 Measurement Model

Table no: 4.36

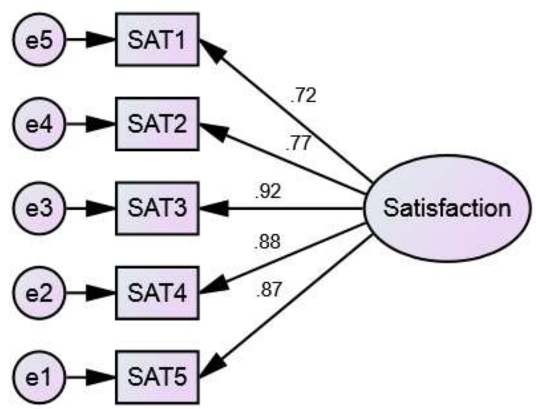
Model Fit Indices

	GFI	**AGFI**	**NFI**	**RFI**	**CFI**	**TLI**	**RMSEA**	**RMR**
Obtained	.942	.930	.927	.921	.924	.919	.031	.024
Recommended	>.90	>.90	>.90	>.90	>.90	>.90	<0.08	<0.05

Source: Extracted from model

Figure 4.4

Measurement Model of Satisfaction



The results shows that factor loadings of all the items are above the cutoff of 0.50

4.9.12 Confirmatory Factor Analysis of Perceived Benefits

Table: 4.37

CFA Six

Economic Value (4 items)	CFA Factor Loadings
I get excellent buy for the money	0.69
The firm offering is not a very good value for the money.	0.90
Prices charged by this bank were extremely fair	0.82
This bank gives me real value.	0.75
Switching Costs (4 items)	
Switching would take a lot of time and effort.	0.87
It would require more time than I am willing to put forth	0.72
It would cost me very little if I wanted to leave.	0.68
It would be expensive	0.75
Reputation for Quality (4 items)	
This bank has a good reputation.	0.73
This bank is known to provide good service	0.77
This bank has a positive overall reputation	0.83
This bank is negatively viewed by most people	0.81
Special Treatment (5 items)	
This bank does things for me that they don’t do for most customers	0.76

I am usually placed higher on the priority list when there is a line.	0.78
I get faster service than most customers.	0.73
I get better treatment than do most customers.	0.72
I get special things from the bank that most customers don't get.	0.52
Confidence Benefits (4 items)	
I believe there is less risk that something will go wrong by using this bank.	0.82
I have less anxiety when I use this bank than another service provider	0.91
I know what to expect when I use the services of this bank.	0.87
I know this bank's procedures well.	0.75
Communication (4 items)	
This bank keeps me informed of new bank developments	0.74
This bank communicates with me frequently	0.75
The quality of communication from this bank is consistently high.	0.78
This bank constantly updates me with regard to new services.	0.66
Familiarity (4 items)	
I am personally recognized	0.78
The people who work there know who I am.	0.72
The people who work there were familiar with me.	0.69
I am familiar with the rules and regulations of the bank.	0.78
Shared Values (4 items)	
Are consistent with my own personal values.	0.83
Reflect the type of person that I am.	0.82
Are compatible with the things I believe in.	0.86
Are similar to my own.	0.83

Source: Primary Data

4.9.13 Measurement Model

Table no 4.38

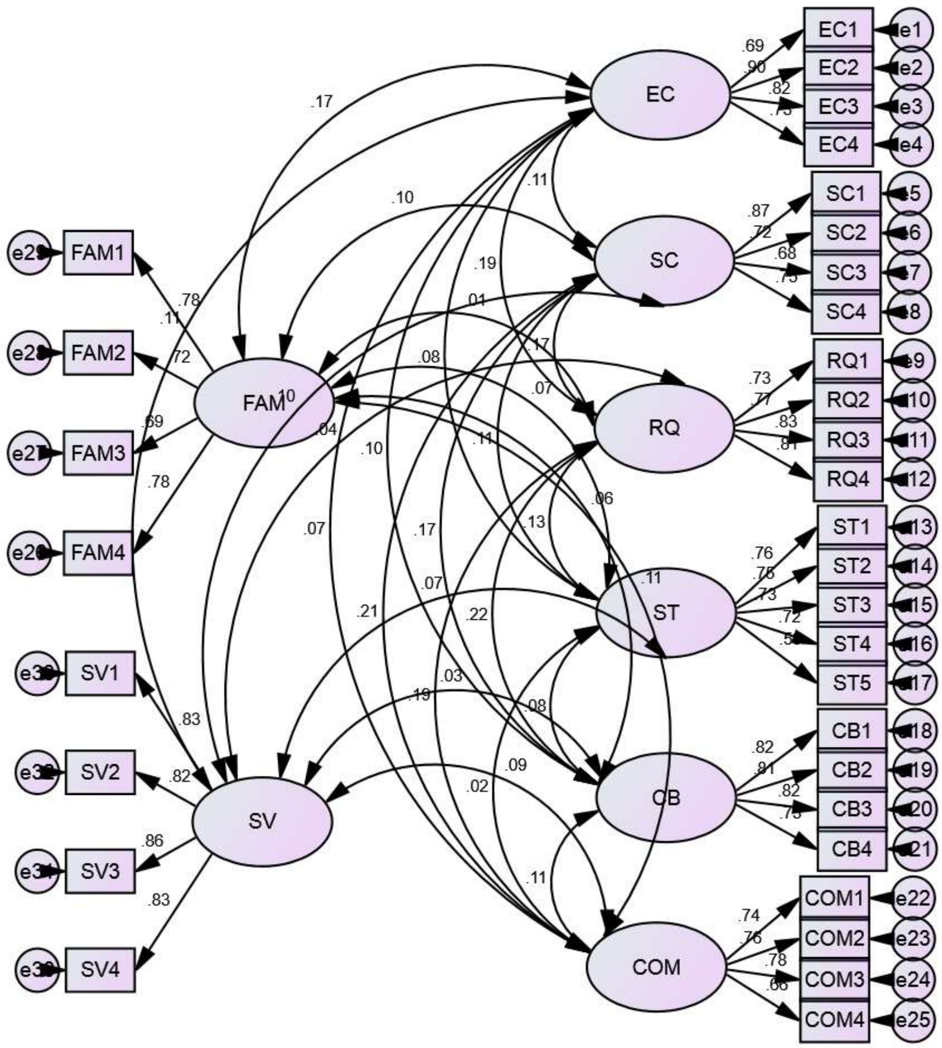
Model Fit Indices

	GFI	AGFI	NFI	RFI	CFI	TLI	RMSEA	RMR
Obtained	.918	.908	.904	.921	.928	.922	.029	.035
Recommended	>.90	>.90	>.90	>.90	>.90	>.90	<0.08	<0.05

Source: Extracted from model

Figure 4.5

Measurement model of CFA three



Above tables and figure reveals that all the variables in the current research have appropriate factor loadings. Factor loadings of all the variables were above the cut-off of .0.50.

Table 4.39

Test of Validity and Reliability

	CR	AVE	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1	0.800	0.629	0.793																	
2	0.912	0.563	0.002	0.751																
3	0.920	0.677	0.099	0.287	0.823															
4	0.845	0.520	0.043	0.166	0.191	0.721														
5	0.877	0.632	0.007	0.034	0.035	0.089	0.795													
6	0.854	0.540	0.023	0.031	0.073	0.014	0.128	0.735												
7	0.854	0.540	0.023	0.031	0.073	0.014	0.128	0.854	0.770											
8	0.894	0.629	0.433	0.031	0.073	0.014	0.128	0.854	0.233	0.801										
9	0.947	0.563	0.002	0.031	0.073	0.014	0.128	0.854	0.211	0.011	0.811									
10	0.926	0.677	0.099	0.287	0.230	0.031	0.073	0.014	0.128	0.854	0.266	0.822								
11	0.844	0.520	0.043	0.166	0.191	0.211	0.234	0.034	0.233	0.343	0.255	0.021	0.670							
12	0.896	0.632	0.007	0.034	0.035	0.089	0.033	0.244	0.340	0.123	0.234	0.025	0.033	0.801						
13	0.854	0.540	0.023	0.031	0.073	0.014	0.128	0.735	0.233	0.133	0.321	0.026	0.024	0.0345	0.678					
14	0.917	0.563	0.002	0.031	0.073	0.014	0.128	0.854	0.211	0.011	0.811	0.123	0.128	0.854	0.266	0.822				
15	0.921	0.677	0.099	0.287	0.230	0.031	0.073	0.014	0.128	0.854	0.266	0.822	0.233	0.343	0.255	0.021	0.630			
16	0.814	0.520	0.043	0.166	0.191	0.211	0.234	0.034	0.233	0.343	0.255	0.021	0.340	0.123	0.234	0.015	0.033	0.821		
17	0.896	0.732	0.007	0.034	0.035	0.089	0.033	0.244	0.340	0.123	0.234	0.025	0.233	0.133	0.321	0.026	0.024	0.345	0.628	
18	0.833	0.740	0.023	0.031	0.073	0.014	0.128	0.735	0.233	0.133	0.321	0.026	0.024	0.0345	0.678	0.089	0.033	0.244	0.340	0.623

Source: Primary Data

Note: Diagonal elements in bold shows square root of AVE. In all cases the diagonal elements were greater than off-diagonal elements, it supported discriminant validity. All CR were above the recommended threshold of 0.50. It supported that the scale carries convergent validity. It also confirms that the scale is reliable.

4.10: Section V: Structural Model Testing

Structural Equation Modelling

Structural equation modelling (SEM) technique using Maximum Likelihood Estimation procedure was employed in the current research to test the proposed hypotheses. SEM is a statistical methodology that follows a confirmatory (i.e., hypothesis-testing) approach to the analysis of a structural theory proposed by the researcher bearing on some phenomenon (Byrne, 2001). While performing SEM, it tests simultaneously all proposed relationships in the hypothesized model which confirms the extent to which the model proposed in the study is consistent with the data. In this line, Byrne (2001) summarized a number of advantages of performing SEM over other related multivariate techniques. First, while performing SEM the researcher takes a confirmatory approach to the model testing and analyses data basically for inferential purposes by demanding that the pattern of relationship between the variables within the model framework is specified *a priori.* In contrast to this, many other methods takes the route of descriptive nature, hence SEM is preferred over other related multivariate techniques. Second, the other related traditional multivariate methods were incapable of either assessing or correcting the overall measurement error. In case of SEM analysis, the researcher can avoid inaccuracies caused by ignoring error when it exists in the explanatory variables. The structural model also helps the researcher also see the specification of error term covariances (Golob, 2003). Third, data analysis using SEM technique, in comparison with other related multivariate techniques also allows measurement of the relationship among unobserved and observed variables comprehensively through the examination of covariance among the observable variables proposed in the study. Another important advantage of SEM is that it can handle a large number of endogenous variables (dependent variables) and exogenous variables (independent variables), as well as unobserved variables simultaneously specified as linear combinations of the observed variables (Golob, 2003). Last and more important, no such widely and equally competitive applied methods currently available in the data analysis paradigm alternative to SEM for modelling multivariate relations among the proposed variables or for estimating point and/or interval indirect effects.

In the current research, considering the advantages of SEM over other multivariate techniques, the two-stage SEM analytic estimation technique was adopted in to test the simultaneous inter-relationship between the constructs of interest proposed in the current research. In this two stage estimate procedure, the researcher can avoid the interaction of the measurement model and the structural model (Hair, Anderson, Tatham, & Black, 1995). The general SEM model framework and its estimation, one can decompose it into two sub-models: the first model called as measurement model and the second model called as the structural model. The first stage of measurement model indicates the relationship between the unobserved latent variables and observable variables (indicator variables). It was performed in this study using CFA. The estimation and confirmation of the measurement model using provides the link between the observed indicator variables and the underlying constructs they were designed to measure (Byrne, 2001; Golob, 2003; Nachtigall, Kroehne, Funke, & Steyer, 2003), or the major objective of this stage is to confirm the validity and reliability of the scales used. The second stage of structural model represents the relationship among the latent variables (constructs) of interest. The structural model specifies the manner by which particular latent variables cause changes in the values of certain other variables in the model. In general parlance, estimation of SEM is performed using the covariance analysis method (called as covariance based SEM), in which the researcher estimates the parameters such that the variances and co variances implied by the model were as close as possible to the observed variances and covariances of the sample (Golob, 2003). Among other popular estimation methods, such as unweighted least squares (ULS), maximum likelihood (ML) and generalized least squweres (GLS), the most commonly used method for estimating SEM is maximum likelihood (ML) estimation technique. "Nearly all of the major software programs use ML as the default estimator" (Schermelleh-Engel, Moosbrugger, &Miiller, 2003, p. 25). The ML method of estimation maximizes the probability that the observed covariances were generated from a population under consideration that has its variance and covariances generated by the process implied by the model (Golob, 2003). It is also stated that the ML estimation procedure is rather more robust against deviations of the normality assumption for the sample. It is also pointed that the estimation of SEM with ML estimation can be applied in many data analytic situations such as when interval scales (e.g., Likert scales) were used to collect data on feelings and perceptions (Golob, 2003; Schermelleh-Engel et al., 2003). Hence, in support with this, in the present study, ML estimation procedure was used in the SEM technique. In this method of estimation, the goodness-of-fit indices were used to examine if a proposed model of the study is consistent with the pattern of variances and covariances dominant in the data. In this line, many other useful criteria have been developed proposed for confirming the overall goodness-of-fit in an SEM methodology and for confirming how well one model does have a fit over another model.

According to Schermelleh-Engel et al. (2003), covariance based SEM capable of producing multiple goodness-of-fit indices, such as: (a) descriptive measures of overall model fit or goodness of fit, such as chi-square *($\chi 2$),* Root Mean Square Error of Approximation (RMSEA), Root Mean Square Residual (RMR), and standardized root mean square residual (SRMR); (b) descriptive measures based on model comparison. The measures in the second category based on model comparisons were the Normed Fit Index (NFI), the Non Normed Fit Index (NNFI), the Comparative Fit Index (CFI), the Goodness-of-Fit Index (GFI), and the Adjusted Goodness-of-Fit Index (AGFI); and (c) descriptive measures of model parsimony, such as the Parsimony Goodness-of-Fit Index (PGFI), and the Parsimony Normed Fit Index (PNFI), etc. The concept of parsimony serves as a criterion for choosing between several alternative models proposed in the study.

Although in a SEM framework, most of these evaluation criteria or indices were based on the Chi-square statistic. The chi-square value is preferred in a model confirmation perspective over a test statistic as a measure of fit due to its sensitivity to sample size and deviations from multi-variate normality (Golob, 2003). Given the limitations of Chi-square, different researchers have proposed a plethora of newly goodness-of-fit indices in the SEM framework to examine the goodness of fit of the model, and these indices take a more pragmatic approach to the evaluation process (Byrne, 2001). In this, one of the first fit statistics generally used to address this problem was the normed Chi-square, i.e., the ratio of x2/df (Wheaton, Muthen, Alwin, & Summers, 1977). Alternative goodness-of-fit measures of overall model fit have also been developed proposed in the current SEM literature, such as the Root Mean

Square Error of Approximation (RMSEA), Root Mean Square Residual (RMR), and Standardized Root Mean Square Residual (SRMR). In the SEM framework, the Root Mean Square Residual (RMR) shows the average residual value derived from the fitting of the variance-covariance matrix for the proposed model to the variance covariance matrix of the sample data collected (Byrne, 2001). However, it has been stated that these residuals were difficult to interpret due to its relation to the sizes of the observed variances and covariances. Considering this limitation, the standardized root mean square residual (SRMR) were proposed, which represent the average value across all standardized residuals. In addition, it is very recently RMSEA been recognized as one of the most useful informative criteria in covariance structure modelling framework (Byrne, 2001).

In addition, the other most frequently used goodness-of-fit measures grounded on direct assessment of the variance covariance matrices for the sample and model were the Normed Fit Index (NFI), the Non-Normed Fit Index (NNFI), the Comparative Fit Index (CFI), the Goodness-Of-Fit Index (GFI), the Adjusted Goodness-Of-Fit Index (AGFI), the Parsimony-Adjusted Goodness Of- Fit Index (PGFI) etc. Among the stated direct assessment measures, the Normed Fit Index (NFI) is considered as a practical criterion for evaluation of proposed model fit, however, there exists some limitation of the same, because it has a tendency to underestimate fit in small samples (Byrne, 2001). Bentler and Bonnett (1980) developed the Non-Normed Fit Index (NNFI), also known as the Tucker-Lewis Index (TLI) which generally show the disadvantage of the NFI which is affected by sample size. In addition, CFI was also formulated by Bentler (1990) from NFI to take sample size into account. The another measure, goodness-of-fit index (GFI) is a measure of the relative amount of variance and covariance matrix of the sample data that is jointly explained by the variance and covariance matrix for the hypothesized model (Byrne, 2001). The AGFI has the benefit of adjusting for the number of degrees of freedom contained in the model, which makes the AGFI unique from the GFI. Both GFI and AGFI indices range from zero to 1.00, where the values close to 1.00 being indicative of good fit of the model. The measure, parsimony-adjusted goodness-of-fit index (PGFI) takes into account the complexity of the hypothesized model proposed for the assessment of overall model fit (Byrne, 2001), which was modified later based on GFI and NFI. It is hard to decide which global indices to use for reporting results of model fitting; thus it is necessary to consider multiple criteria in evaluating a model (Bagozzi& Yi, 1998; Schermelleh-Engel et al., 2003).

Based on the prior literature, here in this study the researcher designed SEM as the appropriate technique, because it can take care multiple dependence relationships such as those investigated in the present research. In addition, the technique of SEM was used and preferred in this research to determine if the estimated population covariance matrix of the proposed model was consistent with the observed covariance matrix. To examine the same, AMOS software package was used due to its user friendliness. In addition, AMOS can also link data directly to SPSS platform and provides a very user friendly graphical user interface that allows the researcher to configure path diagrams, calculate the necessary model fit, and estimate required parameters.

4.11 Test of hypothesis

To test the proposed hypotheses, the study applied Structural Equation Modelling (SEM) technique using Maximum Likelihood (ML) estimation. Specifically, the study conducted a covariance based SEM technique. This covariance based SEM is preferable when the researcher tries to test and confirm the proposed model under consideration. The SEM technique has applied to test the study hypotheses because of several reasons. First, the constructs proposed in this study is measured using multiple questions, and therefore the constructs were latent in nature. In this case, SEM technique is more preferable over other techniques, if the objective is to capture the inter-relationship between the proposed constructs under consideration. Second, in the hypotheses formulation section, the researcher proposed several relationships, which involved the interrelationship between several variables, in a simultaneous fashion. Finally, it also recommended that SEM is more useful in case of latent variables with multiple items, where the researcher like to capture item-wise error rate. The SEM modelling involves different phases. In the first phase, the researcher made a diagrammatic representation of the relationship between the study variables.

In the second phase, we estimated the goodness of fit coefficients of the conceptual model and examined the goodness of fit of the model with the observed data. In this goodness of fit indices, the researcher examined various fit indices. In case of fit indices there exists confusion among researchers as to which fit indexes to report. Jaccard and Wan (1996) recommend the use of at least three fit tests, one from each of the first three categories like absolute fit, relative fit and parsimony measures.

Table 4.40

Fit Measures used in assessing goodness of fit of SEM Model

Category	Fit Indices
Absolute Fit Measure	CMIN, CMIN/df, RMR, SRMR, GFL, PGFI
Relative fit measures	NFI, RFI, IFI, TLI
Parsimony Measures	P RATIO, PNFI, PCFI
Chi-square distribution	NCP,FMIN, RMSEA
Theoretic Fit measures	AIC, BIC, BCC,ECVI
Fit measures on sample size	HOERLTER

Reference: Hair et al. (2010)

Following the suggestion given by Kline (2005), in this study the researcher followed the fit measures, such as χ^2, the ratio of chi-square to df, IFI, GFI, NFI, SRMR, RMSEA, TLI and CFI. In these fit measures, the researcher expect an insignificant χ^2. However, in a study with high sample size one cannot expect insignificant χ^2. In case of other fit indices such as GFI, NFI, TLI and CFI, the fit indices above the suggested cut-off of 0.90 show good model. In case of RMSEA and SRMR, if the fit measures were below the value of 0.08 it indicates a good model.

As shown Table 4.28 the study found a good fit of the structural model [Chi-squwere: χ^2 = 6960.50(df = 3631), p = .001; the ratio of Chi-square to degrees of freedom: χ^2/df = 1.91; Comparative Fit Index: CFI = .997; Incremental Fit Index: IFI = .928; Standardized Root Mean Square Residual: SRMR = .058; Root Mean Squwere Error of Approximation: RMSEA = .049].

In this assessment of important model fit indices as reported Table., such as the ratio of Chi-Square to degrees of freedom (CMIN/df) or normed chi-square which minimizes the impact of sample size on the Model Chi Square (Wheaton, Muthen, Alwin, & Summers, 1977), and was deemed an acceptable ratio at 1.91, because it was less than the suggested limit of 2.0 (Tabachnick&Fidell, 2007). Another important index of assessment is RMSEA, which tests how well the model fits the population's covariance matrix (Byrne, 1998). The measure is considered "one of the most informative fit indices to consult due to its sensitivity to the number of estimated parameters in the model" (Diamantopoulos &Siguaw, 2000, p. 85). An estimated RMSEA well below .08 supports a good fit (MacCallum, Browne, and Sugaware, 1996; Steiger, 2007), which was the case with this study results. Another, crucial index is SRMR, which confirms the "square root of the difference between the residuals of the sample covariance matrix and the hypothesized covariance model" (Hooper, Coghlan, & Mullen, 2008, p. 54). An SRMR value .08 or lower deemed to be acceptable (Hu and Bentler, 1999). In support with this suggestion, the researcher found that in the current measurement model the researcher found an SRMR of 0.058. All these fit indices indicated that the collected data fit to the model well, and therefore the current model can be used to test the proposed hypotheses of the study.

Table 4.41

Model Fit and Measurement Indices and Acceptable Threshold Criteria

Indices	Meaning	Threshold Values
Chi-Square/ Degree of Freedom ($\chi 2/df$)	It point out the disparity between observed matrix and expected covariance matrix.	Less than 5
Root Mean Square Error of Approximation (RMSEA)	It examines the difference between actual and predicted covariance that is residual.	Less than .08 or 1
Goodness of Fit Index (GFI)	It is measures of fit between measurement/hypothesised model and the observed covariance matrix	Greater than .9 or closer to 1
Normed Fit Index	This statistics assesses fit relative to a	Greater than .9 or

(NFI)	baseline/independence model which assumes no covariance between the observed variables.	closer to 1
Relative Fit Index (RFI)	It compares the chi-square for the hypothesised model with null or baseline or independence model.	Greater than .9 or closer to 1
Comparative Fit Index (CFI)	It is a revised form of NFI and RFI which takes into account sample size, which performs well with all sample sizes (large and small). It assumes that all latent variables were uncorrelated and compare the sample covariance matrix with null model	Greater than .9 or closer to 1

Source: Malhotra and Dash (2010) and Hair et al. (2009)

Table 4.42

Goodness of fit-Measures of the Structural Model

Fit indices	Estimated values
χ^2	**6960.50(df = 3631, *p* = .001)**
χ^2/df	1.91
CFI	.997
IFI	.928
GFI	..921
TLI	.927
RMR	.052
SRMR	.058
RMSEA	.061

Note: The model fit indices reported here generated from the SEM model.

Further, the study examined the path coefficients to test the proposed set of study hypotheses. While checking the path coefficients, it was found that that all the estimated path coefficients followed the researchers' expectation with regard to direction and magnitude. Table 4 given below provides the estimated path coefficients derived from the model. In this table, the first and second columns show the relationship between the exogenous and endogenous constructs. The third column reported the unstandardized path coefficients. In the fourth column, the standardized path coefficients were provided. Next, to standardized path estimates, in the fifth column, standard errors were provided. In the final column, the table reported the status of hypotheses testing results (i.e. accepted or rejected).

Test of Hypotheses

Hypotheses were tested using model

Objective 1

- To analyse the importance of various perceived benefits derived out of loyalty programs offered by Kerala based commercial banks and its impact on customer satisfaction.

  Various perceived benefits include economic benefits, resource benefits and social benefits. Economic value and switching cost together form economic benefits. Resource benefits were bank reputation, special treatment and confidence benefits. Social benefits comprised of communication, familiarity and shared values

Hypothesis framed on the basis of above objectives are:

H I: Economic value is positively related to satisfaction.

H2: Switching costs is positively related to satisfaction.

H3: Bank reputation for quality is positively related to satisfaction.

H4: Special treatment is positively related to satisfaction.

H5: Confidence benefits are positively related to satisfaction.

H6: Communication is positively related to satisfaction

H7: Familiarity is positively related to satisfaction.

H8: Shared values are positively related to satisfaction

Results Based on the Model

Table: 4. 43

Endogenous variable		Exogenous Variables	Unstd. Estimate	Std Estimate	S.E.	P value	Hypothesis Status
Economic value	→	Satisfaction	0.134	0.049	0.05	0.000	H1 supported
Switching costs	→	Satisfaction	0.192	0.121	0.041	0.000	H2 Supported
Reputation	→	Satisfaction	0.230	0.296	0.062	0.000	H3 Supported
Special treatment	→	Satisfaction	0.124	0.223	0.058	0.000	H4 Supported
Confidence	→	Satisfaction	0.616	0.515	0.107	0.000	H5 Supported

Communication	→	Satisfaction	0.411	0.051	0.117	0.000	H6 Supported
Familiarity	→	Satisfaction	0.154	0.194	0.068	0.000	H7 Supported
Shared values	→	Satisfaction	0.712	0.545	0.112	0.000	H8 Supported

Extracted from model

4.12 Validation of Hypotheses

H I: Economic Value is Positively Related to Satisfaction

The first hypothesis in the research model is related to the relationship between economic value and satisfaction. The results shown in the model revealed that the economic value is positively influences the satisfaction with a significant p-value which is lessthan.05. Standardised direct estimate of economic value on customer satisfaction is 0.049.That means if economic value is increased by one percent, the satisfaction will increase by 0.049 percent. Thus H1 is accepted.

H2: Switching Costs is Positively Related to Satisfaction

The second hypothesis in the research model is related to the relationship between switching cost and satisfaction. The results revealed that switching cost is significantly influences the satisfaction as the p-value is less than 0.05 and its standardized regression estimate is 0.121. Thus H2 is accepted.

H3: Bank Reputation for Quality is Positively Related to Satisfaction

The third hypothesis related to the relationship between reputation for quality and satisfaction**.** The results shown in the model revealed that bank reputation is positively relates with the satisfaction with a p-value of .000 which is significant. Its beta value is 0.296 which means that when bank reputation increases by 1 standard deviation, customer satisfaction will increase by 0.296 standard deviations. So H3 is accepted.

H4: Special Treatment is Positively Related to Satisfaction

The fourth hypothesis tested with the help of model is related to the relationship between special treatment and satisfaction. This hypothesis is also accepted with a significant p-value which is less than .05 and standardised regression estimate is 0.223. So the researcher concluded that if special treatment increases by one standard deviation, customer satisfaction will increase by 0.223 standard deviations. So H4 is accepted.

H5: Confidence Benefits are Positively Related to Satisfaction

The fifth hypothesis related to the relationship between confidence benefits and satisfaction. The results shown in the model revealed that confidence benefits have positive impact on satisfaction. Its p-value is significant and a standardised regression estimate of 0.515 which means that when confidence benefit is increases by one standard deviation, satisfaction will increase by 0.515 standard deviations. Thus H5 is accepted.

H6: Communication is positively related to satisfaction

The Sixth hypothesis is related to the relationship between communication and satisfaction**.** The examination of this model revealed that there is a positive relationship between frequent communication and customer satisfaction. The p-value is .000 which is significant and standardised regression estimate is 0.051.Thus H6 is accepted.

H7: Familiarity is Positively Related to Satisfaction

The seventh hypothesis in the research model is related with familiarity and satisfaction. Familiarity also has a positive impact on customer satisfaction with a significant p-value of .000.The standardised direct estimate of familiarity on satisfaction is 0.194 and H7 is accepted.

H8: Shared Values were Positively Related to Satisfaction

The next hypothesis tested in the research model is related with shared values and satisfaction. Shared values have a positive impact on customer satisfaction with a significant p-value which is less than .005 and standardised in direct estimate of shared values on customer satisfaction is 0.545. So H8 is accepted.

Objective 2

- To analyse the role of customer satisfaction on their trust and commitment towards Kerala Based Commercial Banks.

Hypotheses formulated on the basis of the second objective.

H9: Satisfaction has a positive impact on trust.

H10: Satisfaction has a positive impact on commitment.

H11: Customer trust positively related to customer commitment.

Results Based on the Model

Table 4.44

Endogenous variable		Exogenous Variables	Unstd. Estimate	Std Estimate	S.E.	P value	Hypothesis Status
Satisfaction	→	Trust	0.114	0.113	0.048	0.000	H9 Supported
Satisfaction	→	Commitment	0.316	0.455	0.117	0.000	H10 Supported
Trust	→	commitment	0.132	0.141	0.018	0.000	H11 Supported

Extracted from Model

Validation of Hypotheses

H9: Satisfaction has a Positive Impact on Trust.

Another hypothesis tested with the help of model is related with satisfaction and trust. Customer satisfaction has a positive impact on trust with a significant p-value of 0.000 which is less than 0.005 and standardised direct estimate of 0.113. That means when satisfaction increase by one standard deviation, customer trust will increase by 0.113 standard deviations. So H9 is accepted.

H10: Satisfaction has a Positive Impact on Commitment.

Test of model revealed that satisfaction has a positive impact on commitment. Relationship between satisfaction and commitment is positive with a significant p value of 000.The standardised direct estimate of customer satisfaction on customer commitment 0.455. Thus H10 is accepted.

H11: Customer Trust Positively Related to Customer Commitment

The next hypothesis tested in the research model is related with customer trust and commitment**.** The results shown in the model revealed that trust is positively related with customer commitment with a significant p-value of .000 and direct standardised estimate of 0.141. Thus H11 is accepted.

Objective 3

To analyse the role of customer trust and commitment on economic outcomes, resource outcomes, and social outcomes by the customers towards Kerala based commercial banks.

Hypothesis

H12: Customer trust has positive impact on purchase increase.

H13: Commitment has positive impact on purchase increase.

H14: Trust is positively related with share of customer.

H15: Commitment is positively related to share of customer.

H16: Trust has positive impact on market support participation.

H17: Commitment has positive impact on market support participation.

H18: Trust has positive impact on word of mouth marketing.

H19: Commitment has positive impact on word of mouth marketing.

H20: Trust is positively related with sharing of personal information.

H21: Commitment is positively related with sharing of personal information.

H22: Trust is positively related to ease of voice.

H23: Commitment is positively related to ease of voice.

H24: Trust is positively related to firm's promotion.

H25: Commitment is positively related to firm's promotion.

Results Based on the Model

Table 4.45

Endogenous variable		Exogenous Variables	Unstd. Estimate	Std Estimate	S.E.	P value	Hypothesis Status
Trust	→	Purchase increase	0.612	0.275	0.102	0.000	H12 Supported
Commitment	→	Purchase increase	0.133	0.277	0.068	0.000	H13 Supported
Trust	→	Share of customer	0.614	0.191	0.113	0.000	H14 Supported
Commitment	→	Share of customer	0.620	0.453	0.221	0.000	H15 Supported
Trust	→	Marketing support	0.445	0.423	0.205	0.000	H16 Supported
Commitment	→	Marketing support	0.154	0.174	0.068	0.000	H7 Supported
Trust	→	WOM	0.445	0.220	0.205	0.000	H18 Supported
Commitment	→	WOM	0.116	0.415	0.07	0.000	H19 Supported
Trust	→	Sharing personal information	0.232	0.193	0.010	0.000	H20 Supported
Commitment	→	Sharing personal information	0.453	0.265	0.120	0.000	H21 Supported
Trust	→	Ease of	0.113	0.294	0.018	0.000	H22

		voice					Supported
Commitment	→	Ease of voice	0.514	0.323	0.123	0.000	H23 Supported
Trust	→	Firm promotion	0.620	0.213	0.101	0.000	H24 Supported
Commitment	→	Firm promotion	0.450	0.274	0.201	0.000	H25 Supported

Extracted from Model

Validation of Hypotheses

H12: Customer Trust has Positive Impact on Purchase Increase.

The twelfth hypothesis related with customer trust and purchase increase in future. Analysis of model revealed that trust has positive impact on purchase increase as its p-value is lee than .05. The standardised estimate of customer trust on purchase increase is 0.275. That means when customer trust increases by one standard deviation, future purchase will increase by 0.275.Thus H12 is accepted.

H13: Commitment has Positive Impact on Purchase Increase.

The next hypothesis in the study is related with commitment and purchase increase. Results from the model revealed that commitment has positive impact on purchase increase, because it has a significant p-value of .000 which is less than .05and its standardised regression estimate is 0.277. Thus H13 is accepted.

H14: Trust is Positively Related with Share of Customer.

The fourteenth hypothesis is related to the relationship between trust and share of banking transactions compared with other banks. The results revealed that customer trust has positive impact on share of customer with a significant p-value of .000 and standardised regression estimate is 0.191. So H14 is accepted.

H15: Commitment is Positively Related to Share of Customer.

The hypothesis tested in the model is related to the relationship between commitment and share of banking transactions compared with other banks. The results revealed that customer commitment has positive impact on share of customer with a significant p-value that is less than .05. The standardised estimate of commitment on share of customers' banking transactions is 0.453. So H15 is accepted.

H16: Trust has Positive Impact on Market Support Participation.

The relationship between trust and market participation also tested in the model. The results of the model shown that customer trust has positive influence on market support as the p-value is less than0.05 which is significant and its beta value is 0.423. Thus H16 is accepted.

H17: Commitment has Positive Impact on Market Support Participation.

The seventeenth hypothesis tested in the model is related to the commitment and market support participation. It also supported in the model with a significant p-value of 0.000 and standardised estimate of 0.174.So H17 is accepted.

H18: Trust has Positive Impact on Word of Mouth Marketing.

Next hypothesis tested in the model is related to the trust and positive word of mouth**.** The results revealed that the trust has positive influence on positive word of mouth as the p-value is less than .05.Its standardised estimate is 0.220 .Thus H18 is accepted.

H19: Commitment has Positive Impact on Word of Mouth Marketing.

Another hypothesis related to the relationship between customer commitment and positive word of mouth. The model also supported the fact that the commitment has positive impact on word of mouth marketing as its p-value is less than 0.05 which is significant and standardised regression estimate is 0.415. H19 is accepted.

H20: Trust is Positively Related with Sharing of Personal Information.

Model tested the hypothesis that the trust is positively related with sharing of personal information by the customer. Results revealed that trust has positive influence on sharing of personal information with p-value of 0.000 and a standardised estimate of 0.193. It is significant. Thus H20 is accepted.

H21: Commitment is Positively Related with Sharing of Personal Information.

Model also tested the relationship between commitment and sharing of personal information. The results revealed that the commitment has positive impact on sharing of personal information with a significant p-value of 0.000 and standardised estimate is 0.265. So H21 is accepted.

H22: Trust is Positively Related to Ease of Voice.

Twenty second hypothesis is related to the trust and ease of voice. The results revealed that the trust is positively related to the ease of voice because its p-value is 0.000 which is significant. So H22 is accepted.

H23: Commitment is Positively Related to Ease of Voice.

This model also tested the relationship between commitment and ease of voice. Results of the model revealed that commitment is positively related to the ease of voice by customer with significant p value and a standardised estimate of 0.453. H23 is accepted.

H24: Trust is Positively Related to Firm's Promotion.

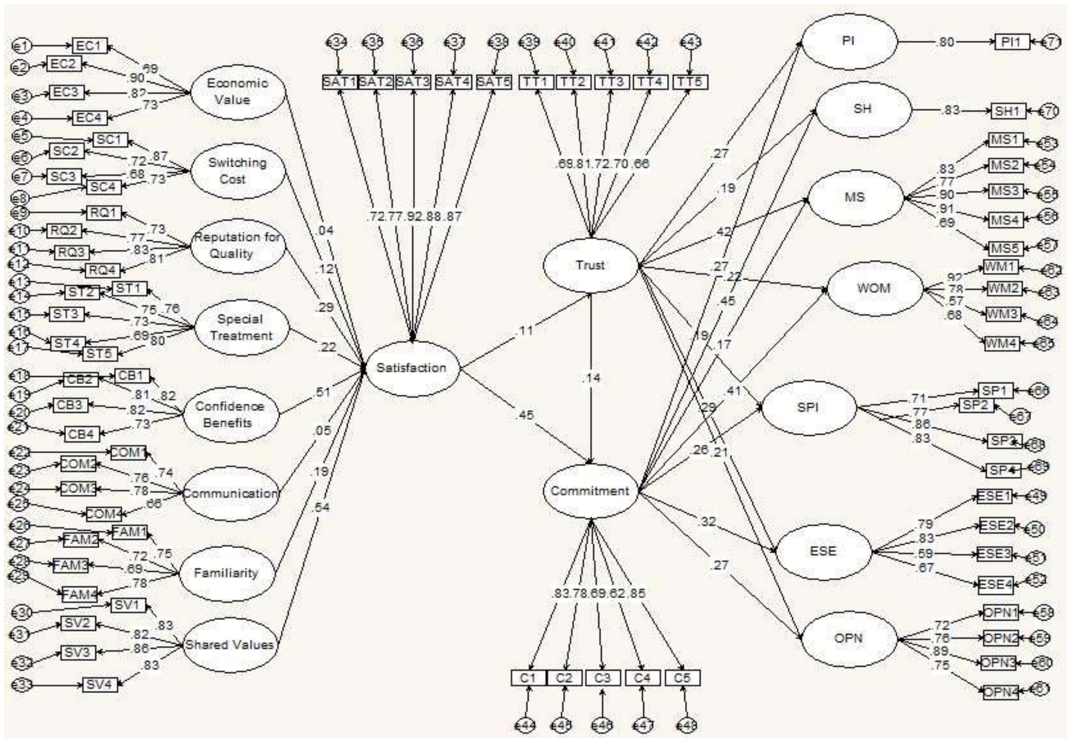
Next hypothesis tested in the model is related to the trust and firms promotion**.** The results revealed that the trust has positive impact on firm's promotion as the p-value is less than .05 that is significant and standardised estimate of 0.213. So H24 is accepted.

H25: Commitment is Positively Related to Firm's Promotion.

Last hypothesis tested in the model is related to the commitment and firms promotion**.** The results revealed that the trust has positive impact on firm's promotion as the p-value is less than .05 that is significant and a standardised estimate of 0.274. H25 is also accepted.

Figure 4.6

Model with Standardised Regression Estimates.



In this model, EC means economic cost or economic value, SC is for switching cost, RQ means reputation for quality, ST stands for special treatment, CB for confidence benefits, COM for communication, FAM for familiarity and SV for shared values.

SAT stands for satisfaction. TST stands for Trust and COM for commitment. These were the mediators in this model .satisfaction leads to trust and commitment.

PI stands for purchase increase. SH stands for share of share of banking transactions with particular bank. MS stands for market support participation; WOM means word of positive mouth. SPI is for sharing of personal information. ESE stands for ease of voice and OPN means openness to promotion.

This model shows that all benefits economic value, switching cost reputation for quality, special treatment, confidence benefits, communication, familiarity and shared values have positive relationship with satisfaction and satisfaction leads to trust and commitment and its related outcomes were purchase increase, more banking transactions, positive word of mouth, sharing of personal information and openness to promotion.

Objective 4

To examine the social stratification and demographic factors have significant influence on customer loyalty

In this section, the researcher examined the following research questions:

1. Whether, the Social Stratification factors (e.g., Education, Occupation, Income) have significant influence on the customer loyalty.
2. Whether Other Demographic Factors (e.g., Age, t, Marital Status) have significant influence on the Customer loyalty.

To examine the aforementioned research questions, in the data analysis process, the researcher conducted an ANOVA with the stated variables as independent variables and customer loyalty as the dependent variable. Independent variables were age, education, occupation, monthly income, marital status and type of bank.

To examine the mean difference of loyalty across different variables of the participants (e.g., banks, frequency of bank transactions, place of work, number of years of service within the bank) the study conducted a series of univariate analysis of variances (ANOVAs).

ANOVA is a statistical model. It is very useful to analyse the difference among group means in sample.

On the basis of this objective, following hypotheses were formulated:

H26: Age of customer creates a difference in customer loyalty.

H27: Education of customer creates difference in customer loyalty.

H28: occupation of customer creates a difference in customer loyalty.

H29: Monthly income of customer creates a difference in customer loyalty.

H30:: Marital status of customer creates a difference in customer loyalty.

H31: Banks of customer creates a difference in customer loyalty.

H32: Frequency of bank transactions of the study participants creates a difference in loyalty.

H33:.Years of service of the study participants create a difference in loyalty.

H34: Place of work of the study participants create a difference in loyalty

Table 4.46

Tests of Between-Subjects Effects

Source	Type III Sum of Square	Df	Mean Square	F	Sig.
Corrected Model	1488.143[a]	50	29.763	21.339	.000
Intercept	953.976	1	953.976	683.958	.000
Age	167.502	6	27.917	20.015	.000
Education	60.256	6	10.043	7.200	.000
Occupation	213.447	6	35.575	25.505	.000
Monthly Income	145.658	6	24.276	17.405	.000
Marital Status	2.302	3	.767	.550	.648
Error	1179.991	846	1.395		
Total	24261.000	897			
Corrected Total	2668.134	896			
a. R Squared = .558 (Adjusted R Squared = .532)					

Source: Primary Data

The result of ANOVA depicted that in the above table reveals that statistical value of p (0.000) is less than 0.05 for age, education, occupation and monthly income. Thus those factors create difference in customer loyalty. But for the marital status, p-value (0.648)is greater than 0.05. So the researcher concludes that marital status does not create any difference in customer loyalty.

Table 4.47

Age of the Participant (Mean comparison)

Dependent Variable: Customer loyalty

Age of the Participant	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
18- 25 Years	3.896	.284	3.339	4.453
26-33 Years	5.042	.231	4.588	5.495
34- 41 Years	4.568	.257	4.063	5.073
42- 49 Years	5.989	.252	5.495	6.483
50- 57 Years	6.930	.314	6.314	7.546
58- 65 Years	8.422	.570	7.302	9.542
Above 65 Years	6.243	.802	4.668	7.818

Source: Primary Data

As reported in above Table, it was found that the loyalty is high for the consumers in age group 58-65 years. Thus the study concluded that age of the participants creates a difference in customer loyalty in banks. This was also statistically supported in the following table.

Table 4.48

Multiple Comparison Test of Age

(I) Age of the Participant	(J) Age of the Participant	Mean Difference (I-J)	Std. Error	Sig.
18- 25 Years	26-33 Years	-1.1119*	.11807	.000
	34- 41 Years	-.2426	.11349	.332
	42- 49 Years	-1.3990*	.11470	.000
	50- 57 Years	-1.5542*	.15127	.000
	58- 65 Years	-1.5627*	.23803	.000
	Above 65 Years	-.1183	.39997	1.000
26-33 Years	18- 25 Years	1.1119*	.11807	.000
	34- 41 Years	.8693*	.12970	.000
	42- 49 Years	-.2871	.13076	.299
	50- 57 Years	-.4423	.16378	.099
	58- 65 Years	-.4509	.24617	.527
	Above 65 Years	.9936	.40487	.178
34-41 years	18- 25 Years	.2426	.11349	.332
	26-33 Years	-.8693*	.12970	.000
	42- 49 Years	-1.1564*	.12664	.000
	50- 57 Years	-1.3116*	.16051	.000
	58- 65 Years	-1.3202*	.24401	.000
	Above 65 Years	.1243	.40355	1.000
42- 49 Years	18- 25 Years	1.3990*	.11470	.000
	26-33 Years	.2871	.13076	.299
	34- 41 Years	1.1564*	.12664	.000
	50- 57 Years	-.1552	.16136	.962
	58- 65 Years	-.1637	.24457	.994
	Above 65 Years	1.2807*	.40390	.026
50- 57 Years	18- 25 Years	1.5542*	.15127	.000
	26-33 Years	.4423	.16378	.099
	34- 41 Years	1.3116*	.16051	.000
	42- 49 Years	.1552	.16136	.962

	58- 65 Years	-.0085	.26371	1.000
	Above 65 Years	1.4359*	.41576	.010
58- 65 Years	18- 25 Years	1.5627*	.23803	.000
	26-33 Years	.4509	.24617	.527
	34- 41 Years	1.3202*	.24401	.000
	42- 49 Years	.1637	.24457	.994
	50- 57 Years	.0085	.26371	1.000
	Above 65 Years	1.4444*	.45457	.026
Above 65 Years	18- 25 Years	.1183	.39997	1.000
	26-33 Years	-.9936	.40487	.178
	34- 41 Years	-.1243	.40355	1.000
	42- 49 Years	-1.2807*	.40390	.026
	50- 57 Years	-1.4359*	.41576	.010
	58-65 Years	-1.4444*	.45457	.026

Source: Primary Data

Further, the multiple comparison tests revealed that not all categories in the age group were statistically different in terms of their customer loyalty. For example, the examination of mean difference reported that though the customer loyalty is reported as high among respondents with higher age group, there exists no difference in customer loyalty among the age group of 42 to 49, 50 to 57, and 58 to 65.

Table 4.49

Education of the Participant (Mean Comparison)

Dependent Variable: Customer loyalty

Education of the Participant	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
Below SSLC	6.975	.381	6.228	7.723
Plus Two	5.744	.269	5.215	6.272
Diploma	5.265	.246	4.783	5.747
Graduate	5.210	.246	4.727	5.693
Post Graduate	5.701	.220	5.268	6.133
Professional	5.550	.238	5.084	6.017
Other Technical	6.645	.696	5.278	8.012

Source: Primary Data

Further, the difference in mean value of customer loyalty in terms of educational qualification revealed that people who were qualified below SSLC and people who carry other technical qualifications reported higher values on their customer loyalty scale. It was also statistically supported in the next Table.

Table 4.50

Multiple Comparison Tests of Educational Qualifications

(I) Education of the Participant	(J) Education of the Participant	Mean Difference (I-J)	Std. Error	Sig.
Below SSLC	Plus Two	1.5455*	.26207	.000
	Diploma	.2500	.26794	.967
	Graduate	1.9679*	.25313	.000
	Post Graduate	1.4046*	.25082	.000
	Professional	1.0278*	.26652	.002
	Other Technical	-.7500	.53906	.807

Plus Two	Below SSLC	-1.5455*	.26207	.000
	Diploma	-1.2955*	.15570	.000
	Graduate	.4225*	.12856	.018
	Post Graduate	-.1408	.12393	.917
	Professional	-.5177*	.15324	.013
	Other Technical	-2.2955*	.49298	.000
Diploma	Below SSLC	-.2500	.26794	.967
	Plus Two	1.2955*	.15570	.000
	Graduate	1.7179*	.14013	.000
	Post Graduate	1.1546*	.13590	.000
	Professional	.7778*	.16306	.000
	Other Technical	-1.0000	.49612	.405
Graduate	Below SSLC	-1.9679*	.25313	.000
	Plus Two	-.4225*	.12856	.018
	Diploma	-1.7179*	.14013	.000
	Post Graduate	-.5633*	.10370	.000
	Professional	-.9402*	.13739	.000
	Other Technical	2.7179*	.48829*	.000
Post Graduate	Below SSLC	-1.4046*	.25082	.000
	Plus Two	.1408	.12393	.917
	Diploma	-1.1546*	.13590	.000
	Graduate	.5633*	.10370	.000
	Professional	-.3769	.13307	.070
	Other Technical	-2.1546*	.48709	.000
Professional	Below SSLC	-1.0278*	.26652	.002
	Plus Two	.5177*	.15324	.013
	Diploma	-.7778*	.16306	.000
	Graduate	.9402*	.13739	.000
	Post Graduate	.3769	.13307	.070
	Other Technical	-1.7778*	.49536	.006
Other Technical	Below SSLC	.7500	.53906	.807
	Plus Two	2.2955*	.49298	.000

	Diploma	1.0000	.49612	.405
	Graduate	2.7179*	.48829	.000
	Post Graduate	2.1546*	.48709	.000
	Professional	1.7778*	.49536	.006

Source: Primary Data

The mean difference is significant at 0.05 level. The post hoc analysis reveals that the mean score of loyalty differs between the respondents within the Education group.

Table 4.51

Occupation of the Participant

Dependent Variable: Customer loyalty

Occupation of the Participant	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
Housewife	4.807	.282	4.254	5.361
Govt. Service	6.182	.289	5.615	6.748
Private Service	6.475	.265	5.954	6.995
Business	6.641	.356	5.943	7.339
Professionals	4.514	.309	3.908	5.121
Self-employment	5.802	.295	5.224	6.381
Any Other	6.669	.325	6.031	7.308

Source: Primary Data

Comparison of customer loyalty in terms of occupation held by the study participants revealed that people who working in private sector and they were doing business reported higher loyalty score. This was statistically supported using the multiple comparisons

Table 4.52.

Multiple comparison test of occupation

(I) Occupation of the Participant	(J) Occupation of the Participant	Mean Difference (I-J)	Std. Error	Sig.
Housewife	Govt. Service	-.7091*	.13577	.000
	Private Service	-1.1481*	.12561	.000
	Business	-2.0604*	.17914	.000
	Professionals	.3207	.16192	.428
	Self-employment	-.5977*	.16430	.005
	Any Other	-.3108	.11943	.127
Govt. Service	Housewife	.7091*	.13577	.000
	Private Service	-.4390*	.13773	.025
	Business	-1.3513*	.18784	.000
	Professionals	1.0298*	.17149	.000
	Self-employment	.1114	.17374	.995
	Any Other	.3983*	.13211	.042
Private Service	Housewife	1.1481*	.12561	.000
	Govt. Service	.4390*	.13773	.025
	Business	-.9123*	.18063	.000
	Professionals	1.4688*	.16357	.000
	Self-employment	.5504*	.16592	.016
	Any Other	.8373*	.12165	.000
Business	Housewife	2.0604*	.17914	.000
	Govt. Service	1.3513*	.18784	.000
	Private Service	.9123*	.18063	.000
	Professionals	2.3811*	.20753	.000
	Self-employment	1.4627*	.20938	.000
	Any Other	1.7496*	.17639	.000
Professionals	Housewife	-.3207	.16192	.428
	Govt. Service	-1.0298*	.17149	.000
	Private Service	-1.4688*	.16357	.000
	Business	-2.3811*	.20753	.000

	Self-employment	-.9183*	.19486	.000
	Any Other	-.6314*	.15887	.001
Self-employment	Housewife	.5977*	.16430	.005
	Govt. Service	-.1114	.17374	.995
	Private Service	-.5504*	.16592	.016
	Business	-1.4627*	.20938	.000
	Professionals	.9183*	.19486	.000
	Any Other	.2869	.16129	.563
Any Other	Housewife	.3108	.11943	.127
	Govt. Service	-.3983*	.13211	.042
	Private Service	-.8373*	.12165	.000
	Business	-1.7496*	.17639	.000
	Professionals	.6314*	.15887	.001
	Self-employment	-.2869	.16129	.563

Source: Primary Data

The mean difference is significant at 0.05 levels. The post hoc analysis reveals that the mean score of loyalty differs between the respondents within the occupation group.

Table 4.53

Monthly Income of the Participant (Mean Comparison)

Dependent Variable: Customer loyalty

Monthly Income of the Participant	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
Below Rs. 10,000	5.638	.313	5.023	6.253
Rs. 10000- 20000	4.816	.283	4.262	5.371
Rs. 20000-30000	6.869	.310	6.261	7.478
Rs. 30000- 40000	6.384	.289	5.818	6.951
Rs. 40000- 50000	5.663	.286	5.102	6.225
Rs. 50000 and above	5.501	.257	4.996	6.007
No income	6.218	.287	5.654	6.782

Source: Primary Data

The mean difference of consumer loyalty in terms of the monthly income it was observed that it was higher for people who have an income between Rs. 20000 to 30000. It was also supported when the study performed multiple comparison test

Table 4.54

Multiple Comparison Test of Monthly Income

(I) Monthly Income of the Participant	(J) Monthly Income of the Participant	Mean Difference (I-J)	Std. Error	Sig.
Below Rs. 10,000	Rs. 10000- 20000	.1807	.17520	.947
	Rs. 20000-30000	-1.4643*	.19684	.000
	Rs. 30000- 40000	-.8571*	.18968	.000
	Rs. 40000- 50000	-.9405*	.19684	.000
	Rs. 50000 and above	-1.0987*	.15648	.000
	No income	-.2089	.14394	.773
Rs. 10000-20000	Below Rs. 10,000	-.1807	.17520	.947
	Rs. 20000-30000	-1.6450*	.19034	.000
	Rs. 30000- 40000	-1.0379*	.18292	.000
	Rs. 40000- 50000	-1.1212*	.19034	.000
	Rs. 50000 and above	-1.2794*	.14822	.000
	No income	-.3896	.13492	.060
Rs. 20000-30000	Below Rs. 10,000	1.4643*	.19684	.000
	Rs. 10000- 20000	1.6450*	.19034	.000
	Rs. 30000- 40000	.6071*	.20374	.047
	Rs. 40000- 50000	.5238*	.21043	.164
	Rs. 50000 and above	.3656*	.17326	.347
	No income	1.2554*	.16203	.000
Rs. 30000- 40000	Below Rs. 10,000	.8571*	.18968	.000
	Rs. 10000- 20000	1.0379*	.18292	.000
	Rs. 20000-30000	-.6071*	.20374	.047
	Rs. 40000- 50000	-.0833	.20374	1.000
	Rs. 50000 and above	-.2415	.16508	.767
	No income	.6482*	.15325	.001
Rs. 40000- 50000	Below Rs. 10,000	.9405*	.19684	.000
	Rs. 10000- 20000	1.1212*	.19034	.000
	Rs. 20000-30000	-.5238	.21043	.164

	Rs. 30000- 40000	.0833	.20374	1.000
	Rs. 50000 and above	-.1582	.17326	.971
	No income	.7316*	.16203	.000
Above Rs. 50000	Below Rs. 10,000	1.0987*	.15648	.000
	Rs. 10000- 20000	1.2794*	.14822	.000
	Rs. 20000-30000	-.3656	.17326	.347
	Rs. 30000- 40000	.2415	.16508	.767
	Rs. 40000- 50000	.1582	.17326	.971
	No income	.8898*	.10952	.000
No income	Below Rs. 10,000	.2089	.14394	.773
	Rs. 10000- 20000	.3896	.13492	.060
	Rs. 20000-30000	-1.2554*	.16203	.000
	Rs. 30000- 40000	-.6482*	.15325	.001
	Rs. 40000- 50000	-.7316*	.16203	.000
	Rs. 50000 and above	-.8898*	.10952	.000

Source: Primary Data

Table 4.55

Loyalty and Name of Bank

Table : Descriptive Statistics						
Loyalty						
	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
Dh	102	3.2822	.23738	.05595	1.1642	1.4003
South. Ind	188	3.8191	.24784	.03779	1.7428	1.8953
Cath	185	3.7533	.26322	.05373	1.6422	1.8645
Fed.	155	4.8900	.17607	.08803	1.6098	2.1702
Total	630	3.8990	.32258	.03400	1.6314	1.7666

Source: Primary Data

Table 4.56

ANOVA of Loyalty in banks

Loyalty					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.037	3	1.009	16.420	.000
Within Groups	5.224	626	.061		
Total	9.261	629			

Source: Primary Data

This ANOVA analysed the difference in loyalty in terms of the bank of the study participants. From the analysis, the study found a significant result ($F = 16.420$, $p < 0.01$). It indicates that there exists a significant difference in loyalty in terms of the bank. Further, as part of detailed probing, researcher checked the mean of the groups. This mean analysis reported that the loyalty of the selected study participants reported as high when they are from federal bank. For example, the people from federal bank reported a higher mean score in comparison with other categories. Hence, we supported the study hypothesis.

Frequency of Bank Transactions (Mean Comparison)

Table 4.57

Loyalty						
	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
D	50	4.2255	.13260	.02965	1.1634	1.2876
Tw	118	3.8196	.24395	.04879	1.7189	1.9203
W	380	3.8074	.20841	.03743	1.7310	1.8839
F	82	3.9200	.15186	.04059	1.8323	2.0077
Total	630	3.6990	.32258	.03400	1.6314	1.7666

Source: Primary Data

Table 4.58

ANOVA of Frequency of Bank Transactions

Loyalty					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5.896	3	1.965	50.224	.000
Within Groups	3.365	626	.039		
Total	9.261	629			

Source: Primary Data

This indicates that frequency of bank transactions of the study participants do exert a significant difference in the loyalty of the study participants. In addition, the analysis of the mean of the groups reported that the loyalty is reported to be high among Daily groups (Mean = 4.22) in comparison with other groups. Hence, the researcher supported the study hypothesis. It also shows that there is a significant difference in loyalty in terms of frequency of bank transactions as its p-value is 0.000

Table 4.59

Number of Years of Service and loyalty

Loyalty						
	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
3-6	590	3.6906	.35249	.05142	1.5871	1.7941
7-10	25	3.7081	.29026	.04426	1.6188	1.7975
7-10	15	3.7081	.29026	.04426	1.6188	1.7975
Total	630	3.6990	.32258	.03400	1.6314	1.7666

Source: Primary Data

Table 4.60

ANOVA of Number of Years of Service

Loyalty					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.007	2	.007	.065	.799
Within Groups	9.254	627	.105		
Total	9.261	629			

Source: Primary Data

In the ANOVA the researcher checked the importance of number of years of service for creating loyalty among the study participants. In this ANOVA, the study incorporated number of years of service as the independent variable and loyalty as the dependent variable. As reported in the Table, the test result supported that the number of years of service of the study participants do not exert a significant influence on the loyalty(F (1, 88) = 0.065, p = .799). That is, the loyalty of the study participants do not vary with the differences in number of years of service. Hence, we rejected the study hypothesis

Table 4.61

Loyalty in Terms of the Place of Work

Loyalty						
	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
Semi	200	3.2255	.13260	.02965	1.1634	1.2876
Urban	220	3.8412	.22435	.02998	1.7812	1.9013
Rural	210	4.8064	.17095	.04569	1.7077	1.9051
Total	630	3.6990	.32258	.03400	1.6314	1.7666

Source: Primary Data

Table 4.62

ANOVA Loyalty in Terms of the Place of Work

Loyalty					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5.779	2	2.889	72.189	.000
Within Groups	3.482	87	.040		
Total	9.261	89			

Source: Primary Data

Further, checked the difference in loyalty in terms of the place of work. As reported in Table 8, the ANOVA with place of work as independent variable and loyalty as dependent variable supported that the place of work do exert a significant difference in their loyalty ($F (2, 87) = 87.18$, $p < 0.01$). Further, following Table , the researcher inferred that the respondents from rural area reported a higher loyalty score in comparison with the other groups. Hence, the study supported the hypothesis.

Table 4.63

Testing of Hypothesis

H26:	Age of customer creates a difference in customer loyalty	Supported
H27	Education of customer creates difference in customer loyalty.	Supported
H28	Occupation of customer creates a difference in customer loyalty.	Supported
H30	Monthly income of customer creates a difference in customer loyalty.	Supported
H31	Marital status of customer creates a difference in customer loyalty.	Rejected.
H32:	Banks of customer creates a difference in customer loyalty	Supported
H33	Years of service of the customers create a difference in loyalty	Rejected
H34	Place of work of the customers create a difference in loyalty	Supported

4.13 Chapter Summary

This chapter included the testing of proposed model on impact of loyalty programs on customer satisfaction, customer commitment and customer trust. Data screening was done in first stage of analysis. Normality of data set checked with the help of Kolmo gro-smirnov test. Item wise descriptive statistics was also conducted. Apart from this the demographic characteristics were analysed. In the third section the study conducted Exploratory Factor Analysis and Confirmatory Factor Analysis. The researcher checked the validity and reliability. In the fifth section, Structural Equation Modelling was conducted to test the formulated hypothesis. All the hypothesis were accepted with a significant p-value. In the last section researcher conducted a series of ANOVA to test the significant difference of loyalty among social stratification and demographic factors. The next chapter will discuss findings, conclusion and suggestions based on this analysis.

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CHAPTER V

SUMMARY, FINDINGS CONCLUSIONS AND SUGGESTIONS

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SUMMARY, FINDINGS, CONCLUSIONS AND SUGGESTIONS

5.1 Introduction

5.2 Research Problem

5.3 Important objectives of the Study

5.4 Hypothesis

5.5 Research Methodology

5.6 Summary of findings

5.7 Research Implications

5.8 Conclusion

5.9 Suggestions

5.10 Chapter Summary

5.11 Future Area for the Research

5.1 Introduction

In every organization, customer satisfaction is the key to success. In the case of banks, it is important to maintain customer satisfaction because there are more chances for them to leave the present bank. So banks try to satisfy and retain customers by offering extra services to them. As a part of this, banks introduce some programs. These programs are known as customer loyalty programs.

This chapter aims is to summarize and discuss the results of this study. In the first section, the objectives of research and methodology used for the survey are briefly explained. The findings based on the primary and secondary data are given in the next section. Finally, the recommendations on the basis of the research are given precisely. Future research ideas are addressed at the end of the chapter.

5.2 Research problem

In our country, role of commercial banks is very important. Commercial banks perform a lot of functions in our economy. But the success of a bank depends upon the satisfaction and retention of the customer. Maintaining a proper customer relationship is essential for any business. It leads to the loyal behavior of the customers. So banks introduce loyalty programs to satisfy and retain customer. From available literature it sis found that no systematic study conducted on impact of loyalty programs on customer satisfaction in Kerala Based Commercial Banks. Hence the researcher tries to fill the gap through the present study.

5.3 Important Objectives of the Study

- To analyse the importance of various perceived benefits derived out of loyalty programs offered by Kerala based commercial banks and its impact on customer satisfaction.
- To analyse the role of customer satisfaction on their trust and commitment towards Kerala based commercial banks.
- To analyse the role of customer trust and commitment on economic outcomes, resource outcomes, and social outcomes by the customers towards Kerala based commercial banks
- To examine the social stratification and demographic factors have significant influence on customer loyalty.

5.4 Hypotheses

The following hypotheses are formulated in the current research

H I: Economic value is positively related to satisfaction.

H2: Switching costs is positively related to satisfaction.

H3: Company reputation for quality is positively related to satisfaction.

H4: Special treatment is positively related to satisfaction.

H5: Confidence benefits are positively related to satisfaction.

H6: Communication is positively related to satisfaction

H7: Familiarity is positively related to satisfaction.

H8: Shared values are positively related to satisfaction.

H9: Satisfaction has a positive impact on trust.

H10: Satisfaction has a positive impact on commitment.

H11: Customer trust is positively related to customer commitment.

H12: Customer trust has a positive impact on purchase increase.

H13: Commitment has a positive impact on purchase increase.

H14: Trust is positively related with share of customer.

H15: Commitment is positively related to share of customer.

H16: Trust has positive impact on market support participation.

H17: Commitment has positive impact on market support participation.

H18: Trust has positive impact on word of mouth marketing.

H19: Commitment has positive impact on word of mouth marketing.

H20: Trust is positively related with sharing of personal information.

H21: Commitment is positively related with sharing of personal information.

H22: Trust is positively related to ease of voice.

H23: Commitment is positively related to ease of voice.

H24: Trust is positively related to firms promotion.

H25: Commitment is positively related to firms promotion.

H26: Age of customer creates a difference in customer loyalty.

H27: Education of customer creates difference in customer loyalty.

H28: occupation of customer creates a difference in customer loyalty.

H29: Monthly income of customer creates a difference in customer loyalty.

H30: Marital status of customer creates a difference in customer loyalty.

H31: Banks of customer creates a difference in customer loyalty.

H32: Frequency of bank transactions of the customers creates a difference in loyalty.

H33:.Years of service of the customers create a difference in loyalty.

H34: Place of work of the customers create a difference in loyalty

5.5 Research Methodology

The current study followed a descriptive research design.. Both secondary data and primary data used in the study. Secondary data was collected from books, journals and various published sources. The study used a structured questionnaire for the primary data collection. This questionnaire was developed based on prior literature. The researcher conducted pilot study among hundred bank customers to ensure reliability and validity of instrument. Then the questionnaire was administered on remaining 530 customers. The Collected data were anlysed with the help of SPSS and AMOS. The results of the analysis are also presented.

5.6 Summary of Findings

Based on the analysis of data collected from the customers of Kerala Based Commercial banks, the research points out some valuable findings which are explained under different sections in the following pages

5.6.1 Demographic Profile

The current research analyzed the demographic and other important psychographic characteristics of the study sample in terms of selected characteristics, such as, gender, age, education, type of bank etc

1. In this research, 63% of the respondents are males and 37% are females.
2. Most of the respondents (187) are in the age group of 34- 41. 98 respondents out of 630 are in the age group of 50-57.96 respondents are in the age group of 58-65 years.
3. Majority of the respondents completed their plus two and graduation. 32% have plus two qualifications and 23% are graduates. 9% are post graduates and only 2% are professional.
4. Most of the respondents are from private service (34%), 19% are from government service.15 % are doing business and only 9% are house wives.
5. Most of the respondents reported that their place of work is urban area. 31.74% of the respondents were working in semi urban area 35 % were working in urban areas and 33% were working in rural areas.
6. 35% of the respondents are having a monthly income of 20000-30000. 20% of the respondents are in the income category of 10000-20000
7. Majority (63%)of the respondents are married. Only 2% are divorced.
8. Customers are selected from all the four banks Dhanalaxmi Bank, South Indian Bank, Catholic Syrian Bank and Federal Bank
9. For the purpose of analysis, researcher classified the customer according to number of years of service with bank. Most of the customers have relationship with bank more than 3 years. 94% of respondents have

relationship with same bank in between three to six years. Only 2% of the respondents have relationship with bank more than 10 years.

10. Frequent customers are selected for the study. Other customers are eliminated at the time of data cleaning. All the customers made at least 2 transactions in a month. Only 8% have daily bank transactions. 19% make transactions twice in a week. 60% have weekly transactions. 13% have fortnightly transactions.

5.6.2 Source of Information about Bank Services

Telephone is the most important source of information. 24% of customer got information through the medium of telephone, 15.5 % got information through friends and relatives,13% got awareness about banking services through newspaper and other print media and 13.4 % got information through television. Only 2% got information about banking services through the medium of Radio.

5.6.3 Reasons to Select the Bank

The study analysed various reasons such to select the bank namely convenience, safety, interest rate, variety of products and advice from friends and relatives.

1. The most important reason for selecting a bank is convenience because its mean (3.879) is higher than other reasons.
2. Wide variety of products got second rank in selecting the bank .Its mean value is 3.862.
3. Then next important reason is the safety of fund, its mean value is 3.816.

4. Fourth reason is suitable working hours; its mean score is 3.810. After suitable working hours, customer prefers certain banks due to usage of technology, its mean score is 3.809
5. Then fifth reason for selecting bank is behaviour of bank staff having mean score of 3.798.
6. The descriptive statistics for different reasons, specifically the mean values of these reasons reported values above the average value of 3.5. Hence, the study concluded that these reasons are important while selecting the banks for their banking transactions

5.6.4 Confirmatory Factor Analysis

All the variables in the current research have appropriate factor loadings. Factor loadings of all the variables were above the cutoff of .50. All CR were above the recommended threshold of 0.50. It supported that the scale carries convergent validity. It also confirms that the scale is reliable.

5.6.5 Findings from the model

This study examined the impact of several relational antecedents, beginning with economic benefits followed by resource benefits and social benefits. As hypothesized, economic value was shown to have a significant, direct effect on commitment across tested contexts.

Based upon a customer's level of participation, loyalty program members frequently become eligible to receive monetary incentives and prizes

5.6.6 Antecedents of customer satisfaction

1. Economic Value

This study examined the impact of several relational antecedents, beginning with economic value. As hypothesized, economic value was shown to have a significant, direct effect on commitment across tested contexts The study found that economic value leads to customer satisfaction, because its beta value is 0.049,its p value is less than 0.005. That means if economic value is increased by one percent, the satisfaction will increase by 0.049 percent

2. Switching Costs

Researcher found that the Switching costs are also a significant predictor to commitment.The results revealed that switching cost is significantly influences the satisfaction as the p-value is less than 0.05 and its standardized regression estimate is 0.121.

3. Reputation for Quality

The results of this study also found that company reputation for quality had a significant and positive effect on satisfaction. Loyalty programs are designed to strengthen the sponsoring firm's reputation for quality and, as hypothesized, company reputation for quality was the highest among loyalty program members, and significantly reported as a better predictor. Further, as predicted, the relationship between company reputation for quality and satisfaction was also found supported with a p-value of .000 which is significant. Its beta value is 0.296 which means that when bank reputation increases by 1 standard deviation, customer satisfaction will increase by 0.296 standard deviations

4. Special Treatment

Thus, upon further reflection, it was not surprising then that the loyalty members perceived themselves to be eligible for special treatment in comparison to other customers. It shows that special treatment has positive impact on customer satisfaction (its p value is less than 0.005) and standardised regression estimate is 0.223. So the researcher concluded that if special treatment increases by one standard deviation, customer satisfaction will increase by 0.223 standard deviations

5. Confidence Benefits

This model shows that confidence benefits have strong relationship with satisfaction because its beta value is 0.515 which means that when confidence benefit is increases by one standard deviation, satisfaction will increase by 0.515 standard deviations and its p value is less than .005.

6. **Communication**

Communications has positive relationship with satisfaction. Its beta value is 0.021 and its p-value is .000. And as predicted, loyalty program members reported that they received stronger communications from the firm. The p-value is .000 which is significant and standardized regression estimate is 0.051.

7. **Familiarity**

Familiarity has positive relationship with customer satisfaction. Testing of model shows that respective hypotheses are accepted because its p-value is significant (0.000). The results of this study suggested that loyalty program membership positively affected customer familiarity from the firm and that this heightened familiarity was shown to have a significant, direct effect on commitment, across contexts tested

8. Shared values

Shared values played, in terms of the respective positive effect each had on influencing customer satisfaction. Its p values are less than .005. Shared values are in place when a customer perceives that the values being practiced by the firm are consistent with his or her own personal values.. As predicted, loyalty program members perceived higher shared values with the firm. Shared values have a positive impact on customer satisfaction with a significant p-value which is less than .005 and standardised in direct estimate of shared values on customer satisfaction is 0.545.

5.6.7 Customer Satisfaction

All antecedents (economic, resource and social benefits) have positive relationship with customer satisfaction and it led to customer trust and customer commitment.

1. Customer satisfaction has a positive impact on trust with a significant p-value of 0.000 which is less than 0.005 and standardised direct estimate of 0.113. That means when satisfaction increase by one standard deviation, customer trust will increase by 0.113 standard deviations
2. Test of model revealed that satisfaction has a positive impact on commitment. Relationship between satisfaction and commitment is positive with a significant p value of 000

3. The results shown in the model revealed that trust is positively related with customer commitment with a significant p-value of .000 and direct standardised estimate of 0.141

5.6.8 Consequences of Commitment and Trust

From the firm's perspective, the most important outcomes of customer loyalty are repurchasing behaviours. In the model, loyal customers are not just expected to maintain purchasing activities, but rather to increase both the level and proportion of their purchasing activities over time.

1. Analysis of model revealed that trust has positive impact on purchase increase as its p-value is lee than .05. The standardised estimate of customer trust on purchase increase is 0.275.
2. The results revealed that customer trust has positive impact on share of customer with a significant p-value of .000 and standardised regression estimate is 0.191.
3. Customer commitment also has positive impact on purchase increase. Results from the model revealed that commitment has positive impact on purchase increase, because it has a significant p-value of .000 which is less than .05and its standardised regression estimate is 0.297.
4. This study provided that customer loyalty program members are more willing to increase the volume and service category proportion of repurchasing activities. Meanwhile, the hypothesized relationships of trust on share-of-customer and trust on increased purchasing also supported across contexts tested.
5. As predicted in, customer commitment was found to have a significantly positive relationship to marketing support participation with a significant p-value and a positive standard estimate.

6. Analysis of the model shown that customer trust has positive influence on market support as the p-value is less than0.05 which is significant and its beta value is 0.423
7. Another important resource-based outcome of customer loyalty is customers 'willingness to recommend the brand/firm.
8. Positive word-of-mouth is well understood to be an important factor in a firm's ability to acquire new customers. Commitment and trust were each hypothesized to display significant, direct effects on positive word-of-mouth and both commitment and trust was shown to have a significant, direct effect on positive word-of-mouth with a significant p-value.
9. As hypothesized by, this study also found customer commitment to have a significant, direct effect on sharing of personal information by the customers. Consequently, results of this study suggest that loyalty program members' willingness to share personal information with the firm depends, at least in part, on the context. To the extent that a firm's customers are willing to share personal information with the firm, it enjoys a latent competitive advantage.
10. This study also tested the respective strengths of commitment and trust to customers' From the results the researcher found that, members of loyalty programs reported significantly more openness to firm promotions.

5.6.9 Social Stratification Factors

1. The study found that except marital status all other variables do make a significant impact on' customer loyalty.
2. Customer loyalty is reported as high among respondents with higher age group, there exists no difference in customer loyalty among the age group of 42 to 49, 50 to 57, and 58 to 65.

3. The difference in mean value of customer loyalty in terms of educational qualification revealed that people who were qualified below SSLC and people who carry other technical qualifications reported higher values on their customer loyalty scale.

4. Comparison of customer loyalty in terms of occupation held by the study participants revealed that people who are working in private sector and those who are doing business reported higher loyalty score.

5. The mean difference of customer loyalty in terms of the monthly income was observed higher for the people who have an income between Rs. 20000 to 30000.

6. The mean difference of customer loyalty in terms of place of work revealed that customers of rural areas reported better.

7. Analysis of banks approached revealed that customers of Federal bank have high loyalty compared to other banks and also shown that there is significant difference in customer loyalty among different bank customers with a p-value of 0.000.

8. The mean difference of frequency of bank transactions shows that the loyalty is reported to be high among Daily groups (Mean = 4.22) in comparison with other groups. The ANOVA results with frequency of bank transactions as independent variable and loyalty as dependent variable reported a significant effect ($p < 0.01$). This indicates that frequency of bank transactions of the study participants do exert a significant difference in the loyalty of the study participants.

9. The study incorporated number of years of service as the independent variable and loyalty as the dependent variable. Analysis supported that the number of

years of service of the study participants do not exert a significant influence on the loyalty.

5.7 Research implications

a. Theoretical implication

Completion of this dissertation study marks one of only a few empirical studies of customer relationships devoted to relationship marketing implementation and believed to be the most comprehensive scholarly study of customer loyalty programs as relationship marketing strategy. Unlike many customer loyalty studies, this study measured both attitudinal and behavioral intentions.

Empirical support for the linkages of the customer loyalty model was established in different contextual settings. Findings across multiple contexts found empirical support for customer loyalty program membership as having significantly positive effects on the key mediators of the model, as well as on most of the antecedents and consequences of commitment and trust in a relational marketing setting.

This study both conceptualized and demonstrated a more robust and revealing way of measuring impact of loyalty programs on satisfaction , including how commitment and trust can be used to connect or bridge customer benefits (i.e., antecedents of commitment-trust theory) with firm benefits of offering a loyalty program, namely economic, resource, and social outcomes. Exploration of non-economic factors revealed other constructs that should be considered when measuring a relationship marketing strategy' s influence on creating, building and preserving customer loyalty. The findings suggest that it takes more than economic content for customers to become strongly committed to maintaining a marketing relationship. Indeed, the findings provide supporting evidence to the notion that the presence of economic value alone results in a vulnerable competitive position to the firm .However, a relationship forged strictly on social content may help contribute to building marketing relationships, but in the absence of economic- and resource-based contents, the predicted result will be lower levels of customer commitment and trust. Similarly, the presence of resource content, such as company reputation for quality, without economic and social content would likely result in relationship marketing failure. It is the combined presence of economic, resource, and social contents that strengthens customer commitment and trust.

b. Practical Implications

The contributions of this research study have practical implications to managers, since loyalty programs have emerged as a popular marketing strategy for thousands of firms, including many of the world's biggest and best known firms. Findings and analyses provided in this monograph potentially may impact how firms presently allocate their finite corporate resources to support relationship marketing strategies. This research offers greater conceptual and practical insight with respect to the design, targeting, and application of loyalty programs. Other variables beyond repurchase metrics were identified and tested to more fully capture the potential contribution of customer loyalty programs. Other variables beyond economic factors were studied for measuring a loyalty program's role in creating, building, and sustaining customer loyalty. This dissertation also explored the degree to which firms may be able to engage loyalty program members as corporate resources, and consequently better utilize these customers for additional marketing support and information resources that enable firms to improve their marketing performance.

5.8 Conclusion

To varying degrees, customer loyalty program membership appears to draw and/or build greater firm satisfaction and commitment. Customer loyalty membership programs are generally intended to bond customers to the firm. Loyalty programs are beneficial to customers as well as banks. The main objective of loyalty program is to retain customers. Customer retention is only possible through customer satisfaction. So business organizations must provide prime importance to customer satisfaction. It will lead to trust, commitment and customer loyalty. Loyal customers are most important asset of banks that determine success in future.

To the extent that customer loyalty programs attract loyal customers, these programs serve as relationship marketing strategies that recognize and reward loyal customers. However, to the extent that customer loyalty programs can be effectively used to create and build satisfaction, commitment and loyalty to the firm, the greater the value loyalty programs are to the firm.

5.9 Suggestions

Research found that benefits of loyalty programs leads to satisfaction, trust and commitment. On the basis of findings following suggestions are made.

1. Economic benefits leads to customer satisfaction. Banks should add more economic benefits to increase satisfaction and retain customer.
2. Special treatment is a strong factor that leads to satisfaction. So banks should make efforts to maintain special treatment to its customers. Banks can appoint special relationship manager for customers.

3. It is better to provide awareness programs among customers to provide information about confidence benefits as well as increase the confidence benefits.
4. Banks should take measures to increase communication among customer. Stronger the communication, stronger the satisfaction.
5. Banks should incorporate values of customer with bank. It improves the satisfaction level of customers.
6. Banks should provide awareness campaigns about loyalty programs and its benefits. Then customers will be attracted to the bank.
7. Reward and appreciate customer for their relationship with the bank. When they get frequent appreciation from bank, they become more loyal.
8. Banks can introduce more loyalty programs with joint participation of other institutions like third party insurance.
9. Mainly loyalty programs are offered to frequent or loyal customers. It is better to offer programs to other customers. Then there is a chance of making more customers as loyal.
10. Cost of maintaining loyalty programs are very high. It is also a complex task. Banks should reduce the cost by downsizing other marketing activities.
11. Banks must avail strong technical support for running and maintaining loyalty program.
12. Banks must make measures to increase economic outcomes ,resource outcomes and social outcomes of loyalty programs.

5.10 Chapter summary

This chapter mainly deals with findings and conclusions drawn from the study. This chapter also deals with theoretical and practical implications of the current research. It also provides some recommendations to the bank officials. This chapter ends up with directions for future research.

5.11 Future Research Opportunities

Research is a continuous process. A researcher can explore new openings in same area. Here some directions are given

1. A study on establishing, building, maintaining, and preserving customer loyalty in banks.
2. Effectiveness of loyalty programs in public sector banks.
3. Comparative study of loyalty programs in public sector and private sector banks.

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ANNEXURE I

INTERVEW SCHEDULE

QUESTIONNAIRE

IMPORTANT: THIS IS FOR ACADAMIC PURPOSE AND THE INFORMATION OBTAINED WII BE TREATED AS CONFIDENTIAL

GENERAL INFORMATION

1. Gender :
2. Age :
3. Educational qualification : Below SSLC ☐ Plus Two ☐
   Diploma ☐ Graduate ☐ Post Graduate ☐
   Professional ☐ Other Technical ☐
4. Occupation : Housewife ☐ Govt. Service ☐
   Private Service ☐ Business ☐ Professionals ☐
   Self-employment ☐ Any Other ☐
5. Place of your work : rural ☐ Urban ☐ Semi urban ☐
6. Monthly income :
7. Marital status: Married ☐ Unmarried ☐ Divorced ☐
8. Name of the bank : Dhanlaxmi bank ☐ South Indian Bank ☐
   Federal Bank ☐ Catholic Syrian Bank ☐
9. For how long do you have account in this bank……………….
10. Monthly transactions with bank .: daily ☐ twice in a week ☐
    weekly ☐ fortnightly ☐ monthly ☐
11. Important sources of information about bank services, rate on seven point scale.

SDA-strongly disagree, SDA to Strongly agree SA

	Sources	1	2	3	4	5	6	7
1	Friends, relatives ,colleagues							
2	Newspaper or other print media							
3	Radio							
4	Television							
5	Internet							
6	Bank staff or brouchure							
7	Employer							
8	Sales person							
9	Information through phone							
10	Exhibition and trade shows							

12. Reasons for selecting this bank, rate on seven point scale.
SDA-strongly disagree,DA to Strongly agree SA

	Variables	1	2	3	4	5	6	7
1	Convenience							
2	Safety of fund							
3	Wide variety of products							
4	Network of branches							
5	Bank reputation							
6	Advice of friends and relatives							
7	Behavior of bank staff							
8	Fair dealings							
9	Competitive interest rate							
10	Suitable working hours							
11	Reasonable service hours							
12	Use of technology							
13	Speedy delivery							
14	Simplicity							

Economic Value

Please indicate your level of agreement or disagreement with the following statements concerning this bank compared to others in its industry (1-strongly disagree/7=strongly agree).

		1	2	3	4	5	6	7
	I get an excellent buy for the money							
	The [firm offering] is not a very good value for the money.							
	Prices charged by this bank are extremely fair							
	This bank gives me real value.							

Switching Costs

Switching from this bank to another competitor in its industry:

(l=strongly disagree/ 7 = strongly agree)

		1	2	3	4	5	6	7
	…..would takes a lot of time and effort.							
	…….would require more time than I am willing to put forth							
	………..would cost me very little if I wanted to leave, (rc							
	………would be expensive.							

Bank Reputation for Quality

Please indicate your level of agreement or disagreement with the following statements concerning this bank (l=strongly disagree/7=strongly agree)

		1	2	3	4	5	6	7
	The bank has a good reputation.							
	This bank is known to provide good service							
	This bank has a positive overall reputation							
	This bank is negatively viewed by most people.							

Special Treatment

Please indicate your level of agreement or disagreement with the following statements concerning your relationship with your bank (l=strongly disagree/7=strongly agree)

		1	2	3	4	5	6	7
	This bank does things for me that they don't do for most customers							
	I am usually placed higher on the priority list when there is a line.							
	I get faster service than most customers.							
	I get better treatment than do most customers.							
	I get special things from the bank that most customers don't get.							

Confidence Benefits

Please indicate your level of agreement or disagreement with the following statements concerning your relationship with your bank (l=strongly disagree/7=strongly agree)

		1	2	3	4	5	6	7
	I believe there is less risk that something will go wrong by using this bank.							
	I have less anxiety when I use this bank than another service provider							
	I know what to expect when I use the services of this bank.							
	I know this bank's procedures well.							

Communication

Please indicate your level of agreement or disagreement with the following statements concerning your relationship with your bank(1 =strongly disagree/7=strongly agree)

		1	2	3	4	5	6	7
	This bank keeps me informed of new bank developments							
	This bank communicates with me frequently							
	The quality of communication from this bank is consistently high.							
	This bank constantly updates me with regard to new services.							

Familiarity

When I deal with and its employees:(l=strongly disagree/7=strongly agree)

		1	2	3	4	5	6	7
	I am personally recognized.							
	The people who work there know who I am.							
	The people who work there are familiar with me.							
	The people who work there remember me.							

Shared Values

The values that__________stands for: (l=strongly disagree/7=strongly agree)

		1	2	3	4	5	6	7
	Are consistent with my own personal values.							
	Reflect the type of person that I am.							
	Are compatible with the things I believe in.							
	Are similar to my own.							

Satisfaction

		1	2	3	4	5	6	7
	I am very much satisfied with the services offered by the bank							
	I consider the overall interactions with the bank as satisfactory one							
	The bank offers services at par with my expectations							
	The bank is always there to provide services to meet my all financial requirements.							
	Over all performance of bank is satisfied							

Commitment

My relationship with______(*Name of the bank*): (l=strongly disagree/7=strongly agree)

		1	2	3	4	5	6	7
	• …..is one that I am very committed to							
	• .. .is very important to me.							
	• .. .is of very little significance to me.							
	• .. .is one that I really care about.							
	. . .is worth my effort to maintain							

Trust

Given my experience,__________ : (l=strongly disagree/'7=strongly agree)

		1	2	3	4	5	6	7
	• ...is very honest and truthful.							
	• .. .has high integrity.							
	• .. .can be trusted completely.							
	• .. .cannot be trusted at times, (rc)							
	• .. .can be counted on to do what is right.							

Purchase Increases

In the next 12 months, how likely are you to do business with______more often?

(l=very unlikely/7=very likely)

		1	2	3	4	5	6	7
	In the next 12 months, how likely are you to do business with your bank more often?.							

Share-of-Customer

In the next 12 months, how likely are you to make a larger share of your banking and financial services from __________ , rather than from other (banking and financial service providers)? (l=very unlikely/7=very likely).

		1	2	3	4	5	6	7
	In the next 12 months, how likely are you to make a larger share of your banking and financial services from your bank, rather than from other (banking and financial service providers)?							

Marketing Support Participation

How would you characterize your willingness to cooperate with this bank regarding the following activities? (l=not at all willing to cooperate/7=very willing to cooperate)

		1	2	3	4	5	6	7
	Provide feedback about new services offered by this bank.							
	Share my feelings about unmet needs.							
	Participate in new product or service development testing.							
	Provide feedback about this bank's advertising.							
	discuss my views about this bank's quality of service							

Positive Word-of-Mouth

Please indicate your level of agreement or disagreement with the following statements concerning your relationship with_________ :(l=strongly disagree/7=strongly agree)

		1	2	3	4	5	6	7
	I am willing to encourage friends and relatives to do business with this bank.							
	I am willing to recommend this bank whenever anyone seeks my advice.							
	When the topic of [banking services] comes up in conversation, I am willing to go out of my way to recommend this bank.							
	I am willing to recommend this bank to my friends.							

Sharing of Personal Information

How willing would you be to cooperate with the following scenarios? The firm tells you ...

(l=not at all willing to cooperate/7=very willing to cooperate)

		1	2	3	4	5	6	7
	To provide your name and address so that you can be notified about new product or services updates.							
	To fill out a form about your purchases so that they can better serve their customers.							
	That in order to provide more personalized information to you, they ask your permission to track your (product category) purchases.							
	To provide your name and answer some questions about your preferences, so that your future interactions with this firm can be more personalized							

Customers' Ease-of-Voice

In the event I have a problem with bank :(1 =strongly disagree/7=strongly agree)

	1 am comfortable talking to this bank about my complaint.							
	1 am not afraid to discuss my complaint with this bank.							
	They make me feel at ease with my complaint.							
	I discuss my complaint with them.							

Openness to Firm Promotion

Please indicate your level of agreement or disagreement with the following statements concerning your relationship with_________ :(l=strongly disagree/7=strongly agree)

		1	2	3	4	5	6	7
	I often notice and pay attention to this company's advertising compared to promotional mailings sent by other companies to me.							
	I am more likely to read mail promotions sent by this bank.							
	I often notice and pay attention to information this company sends to me.							
	I read materials sent to me regarding new products and services offered by this bank.							

COMMENTS OR ADDITIONAL INFORMATION

Please use the space below for any comment or additional information

ANNEXURE II

LIST OF PAPER PRESENTATIONS

LIST OF PAPER PRESENTATIONS RELATED TO THE RESEARCH AREA

Sl No	Title of the Paper	Title of the Conerence/Seminar	Place
1	An overview of CRM in Banks	UGC sponsored National seminar on banking innovations India-Trends and challenges	MES College,Ponnani,8,9 December 2015
2	Risk Management In Banking Sector	UGC international conference on emerging trends in finance and management	MES Asmabi College,Kodungallur,26th And 27th November 2015
3	Corporate Social Responsibility in Banking Sector	International Conference on the Paradigm Of Triple Bottom Lane Risk, Ethics Goverence and Sustainability	St.Joseph's College Of Commerce (Autonomous),Bengaluru31,August And 1st September 2015
4	Customer awareness and satisfaction towards bancssurance	UGC Sponsored National Seminar On Research Methodology And Statistical analysis using SPSS	St.Joseph's College,Irinjalakuda July 30-1st august 2015
5	FDI in Banking Sector and Economic Development	UGC Sponsered National Semiar on Service Sector Dynamism and Indian Economic Growth Problems And Prospects	Sri C Achuthamenon govt College,Kuttenellur 18,19,December 2013
6	Electronic banking and its acceptance	National Seminar On Banking Divergence – Challenges and Solutions	Sri C Achuthamenon govt College,Kuttenellur, 21,22 February 2012

ANNEXURE III
LIST OF PAPER PUBLICATIONS

LIST OF PUBLICTIONS ON RESEARCH AREA IN PEER REVIEWED JOURNALS

Sl. No	Authors in order	Title of Publication	Journal Name, Volume, Number, Year	Impact factor if any
1	Soumya Sreedhar V	Risks in Banking Sector	International Journal of Applied Research Vol-2,No-9,September 2016.	5.2
2	Soumya Sreedhar V[1] & Dr. Jancy Davy[2].	Customer perception towards mobile banking in Kerala	International Journal of Multidisciplinary Educational Research Vol 4,No 8(5),August 2015	2.972
3	Soumya Sreedhar V[1] & Dr. Jancy Davy[2].	Customer relationship management in banks	International Research Association of Computer Science and Technology	0.830
4	Soumya Sreedhar V	Customer Satisfaction towards banking services : A case study of SBI inThrissur District	LUX MONTIS, Refereed Inter disciplinary Research Journal. Vol II,no 1,January 2014	
5	Soumya Sreedhar V	Consumers attitude towards E-banking services: A case study of Federal Bank in Thrissur district	Poeseidon, Journal of Commerce ,Management and Social science.Vol .2,No.1,june 2013	