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Reza Saral, Reza Salehzadeh, Seyed Mehdi Mirmehdi

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Investigating the influence of service quality on loyalty in banking industry: the role of customer engagement

Reza Saral

Department of Management,
Shahid Ashrafi Esfahani University,
Isfahan, Iran
Email: rrhsaral@yahoo.com

Reza Salehzadeh

Department of Management,
University of Isfahan,
Isfahan, Iran
Email: R.salehzadeh@ase.ui.ac.ir

Seyed Mehdi Mirmehdi*

Department of Management,
Malayer University,
Hamedan, Iran
Email: Mirmehdi2@yahoo.com

*Corresponding author

Abstract: Over recent years, special attention in the banking industry has been paid to customer loyalty, mainly because of the relationship between loyalty and profitability in an organisation. This study aimed to evaluate the factors affecting customer engagement and loyalty. In this study, a cross-sectional questionnaire-based research project was employed to collect data from a sample of 356 customers from randomly selected banks in Isfahan. The content validity of the questionnaires was confirmed by experts and its construct validity was approved by using factor analysis. Reliability of the questionnaires was confirmed based on Cronbach's alpha method. Structural equation modelling was used to test the research hypotheses. According to the research findings, the rate of profit, brand, and service quality significantly affect the customer engagement. Furthermore, the rate of profit, brand, service quality and customer engagement have a significant impact on customer loyalty.

Keywords: customer loyalty; customer engagement; service quality; rate of profit and facilities; brand love; brand image; speed of service provision; innovation in services; employee behaviour.

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Biographical notes: Reza Saral graduated with MSc in Management at Shahid Ashrafi Esfahani University.

Reza Salehzadeh is an Assistant Professor in Management Department at the University of Isfahan. His research interests include leadership, organisational behaviour, HRM, business management and data mining. He has published more than 60 articles at national and international levels in refereed journals and conferences.

Seyed Mehdi Mirmehdi is an Assistant Professor of Management at Malayer University. He graduated from the Isfahan University in 2016 with PhD in Marketing Management. His research interest includes online marketing, consumer behaviour, CSR and marketing strategy. He has published more than 30 articles at national and international levels in refereed journals and conferences.

1 Introduction

The survival of any organisation depends upon its customers. Investment in the field of consumer behaviour is an effective and profitable investment for service organisations. All service providers, including banks, aim to provide satisfactory services adjusted to the customers' needs. Previously and even until the late 20th century, customer satisfaction and loyalty were more of a slogan; however, there is now a lot of effort made by researchers, experts, and managers of organisations to improve the quality management tools and develop the customer-orientation culture. This indicates that loyalty is one of the most noticeable indicators in determining the success of organisations and improving profitability (Sadraei, 2011). Most studies on the assessment of the banks' performance have addressed financial issues and risk management skills and less emphasised the role of banks as customer service providers. Researching topics such as service quality and customer satisfaction in the field of bank efficiency can provide a better insight into customer satisfaction and loyalty.

Due to the competitive environment of the banking industry, the banks need comprehensive planning, and the bank managers should be aware of their status compared to other competitors. Given the fact that the services provided by rival organisations are becoming more and more similar to each other, it is difficult to surprise the customer with a completely new service in a long run regarding the fact that the most innovative services are even copied and presented to the market by the competitors (Sabze'i et al., 2014). With the sharp increase in business competitiveness and the strong globalisation process, the role of the customer has converted from a mere consumer to a multidimensional component adopting the role of consumer, producer assistance, value-creating assistance, knowledge and competition development assistance, which indicates the highlighted role of the customers. With a quick reaction, organisations can effectively respond to changes and turn threats into opportunities.

Considering the significance of the customer in the banking industry, and given the fact that, according to the previous research, the cost paid to attract a new customer is far more than the costs to retain customer loyalty; investigating methods to retain customer loyalty is a high priority. Banks are required to go beyond the customers' early needs, meet their expectations, and focus their attention not only on customer satisfaction but

also on creating customer loyalty and trust through long-term, mutual, and profitable interactions (Hamedani and Ahmadpour, 2011). Banks must continuously be aware of their customers' interests, needs, requirements, and expectations in order to improve the quality of service continually as customers' expectations are changing over time. It should also be considered that the customers' met expectations are a basic element to evaluate the service delivery system (Shahamati, 2011). In Iran's banking sector, a majority of services provided by both public/private and commercial/specialised banks are common within the framework of upstream rules; thus, the customers would consider a bank as superior when it provides them with special privileges (Nazari and Bahriinejad, 2013). Given the importance of the customer, identifying the factors affecting customer preferences is also of essence (Sehat et al., 2012). Customers guarantee the survival of banks, and since financial services providers, especially banks, operate in an environment with non-distinctive products, creating trust among customers is vital in increasing their loyalty (Ullah and Rahman, 2015). Currently, service organisations, especially banks, focus on attracting profitable segments of customers and making them loyal (Tabrani et al., 2018). Marketing researchers have studied customer loyalty structure and its effective factors. In previous studies, factors such as customer satisfaction, trust, and service quality have been identified as important factors affecting loyalty (Islam et al., 2021; Nyadzayo and Khajehzadeh, 2016). Service quality in practice is a challenging concept among marketers and is defined based on meeting customer expectations. Service quality is an important factor in the customer's willingness to accept services (Shankar and Datta, 2020; Xu et al., 2017). Recently, 'customer engagement' is focused on in the literature and has become one of the influential variables related to the improvement of important marketing performance indicators such as sales growth and customer loyalty level (Berlin and Klenosky, 2014; Gallant et al., 2010; Bowden, 2009; Liao et al., 2019). Customer engagement is a psychological state created by customer interaction and experience regarding services and is a key element for loyalty and involvement (Huang and Chen, 2022). This research examines the framework of factors affecting customer loyalty. In this regard, it provides a new model of influencing factors on customer engagement and loyalty. In particular, it examines the concept of the rate of interest and facilities, which has been neglected in past research models, as an effective factor in customer engagement and loyalty. Accordingly, this research was to assess the impact of service quality, brand, rates of profit and facilities and customer engagement on customer loyalty and to compare the degree of the impact these variables have on customer loyalty in the banking industry.

2 Theoretical literature and development of research hypotheses

Customer switching is an important issue in the relational service sector, such as banking, in which the profitability of the trading models depends on long-term relationships with customers. Although customer expectations and perceptions of the service quality vary and depend on a variety of factors, including culture, personality, age, etc., the quality of services can be limited to such cases as speed and innovation in the service provision as well as the employees' appropriate and professional behaviour. In this study, the service

quality is defined and discussed from three aspects (namely the speed of service delivery, innovation in services and employee's behaviours) defined according to a survey of senior executives of financial institutions and expert professors and a thorough review of the literature.

The users' satisfaction and understanding of the services quality is significantly linked to the concept of customer loyalty and engagement. Considering the importance of maintaining presence in the global and domestic markets as well as the close competition in the current world, effective innovations in banks can play a noticeable role in the success and achievement of the goals. There has always been an emphasis on the speed of service delivery and the improvement of employee behaviour in service organisations, including the banks. Service quality has a critical role in attracting and retaining customers. This has been recognised as a strategic requirement in highly competitive business environments. Hence, the banks need to introduce more innovative services to improve their service quality and build customer loyalty (Islam et al., 2015). The employees' knowledge and humility as well as their capabilities are factors affecting customer engagement and loyalty. The transfer of bargaining power from sellers to buyers in the banking sector drives bankers to compete with increased service quality. One of the key ways through which companies can establish customer loyalty is to provide excellent service quality. Increasing the service quality in the organisations is essential and inevitable for the sake of survival in a competitive market. The direct impact of the service quality on customer engagement and loyalty is well documented (Izogo, 2017). Nowadays, customers demand high-quality products and services and measuring and implementing service quality in organisations have been addressed due to several reasons, including low cost in a long run, high levels of customer loyalty and engagement and an increase in market share (Kashif et al., 2016). Previous results have shown that service quality affects customer loyalty (Meesala and Paul, 2018; Murali et al., 2016; Vera and Trujillo, 2013; Abror et al., 2020), customer loyalty is a multidimensional and complex structure and includes attitudinal and behavioural dimensions, and it has been determined that service quality affects both of these dimensions of loyalty (Jani and Han, 2014; Priporas et al., 2017). The significant impact of service quality on customer loyalty has been noticed in various service sectors such as hotels, hospitals, and banks. Meesala and Paul (2018) investigated the relationship between service quality and loyalty in 40 hospitals and showed the positive effect of service quality on customer loyalty.

Hypothesis 1 Service quality has an impact on customer engagement.

Hypothesis 2 Service quality has an impact on customer loyalty.

Today, brand and brand image are of paramount importance in persuading customers to purchase to the extent that some experts regard it as a complete product and believe that customers often buy brands instead of buying a product. Thus, the identification of the factors affecting this choice and the examination of the specific brand features have increasingly attracted great attention, necessitating a variety of research in this field. Brand image creates a kind of interaction and engagement with the brand for the consumer, which in turn causes loyalty and engagement. Brand image affects brand love.

Brand management researchers believe that brand image is an indispensable part of a strong brand, enabling an organisation to distinguish its products and services from its competitors. The dependency between the concepts brand image and brand quality ends up with consumer loyalty (Hofer, 2015). The brand image brings about a strong direct effect on customer loyalty. Brand love is the result of a long-term relationship between the customer and the brand. Customers who tend to love a specific brand often claim that they do not just buy other brand products, or that this brand is pleasant, and so on. Customer dependencies are formed based on familiarity, trust, attachment, and stability of respect. Brands compete for a loyal customer and customers who wonder why they should restrict themselves to a specific brand. The brand love mainly affects the customer engagement and loyalty (Abhishek and Mititelu, 2016). Brand image is all mental and perceived concepts formed by a brand in a customer's mind. A set of perceptions towards a brand is created in the consumer's memory. Theorists in the field of brand management have argued that brand image is a fundamental part of powerful marks distinguishing it from its competing products. Brand image provides the consumers with brand connectivity and engagement, which in turn creates loyalty and engagement. Brand image has some effects on brand love (Sadraei, 2011). Brand love is the most effective factor in establishing customer engagement and loyalty. Brand love positively affects a customer's decisions, commitment, engagement, and loyalty. The higher levels of brand love subsequently result in a number of favourable results for the brand, such as mouth-to-mouth marketing, higher satisfaction to pay tips and higher brand engagement and loyalty. In order to empower customers to understand brand image and create the customer engagement, there is a need to create a common sense with the customers. A significant portion of literature is published on the importance of representing the brand image and its role in developing the desired outcomes associated with brand identity, brand trust, brand equity, and brand engagement and loyalty (Hofer, 2015). The consumer's love towards a specific brand is created through efficient marketing, the creation of a sense of brand affinity and engagement, mouth-to-mouth marketing, and the creation of a common sense between the brand and the customers (Marina and Baena, 2015). Brand love is stimulated by the product or brand features and affects brand loyalty. Brand love is the result of brand self-representation, the natural pleasure of the product at the first moment and the brand dependency and loyalty. Experience and interaction with the brand at the touch points in the services create a brand experience and a useful mental image of the brand, which leads to customer engagement. This happens in all stages and contact points including before, during, and after purchase (Laming and Mason, 2014; Prentice et al., 2019). According to the social exchange theory, if a customer has a positive experience with a brand, he is more inclined to repeat the purchase behaviour and shows his loyalty to the brand in exchange for his positive experience with the brand (Sikdar et al., 2015; Harrigan et al., 2018). The effect of brand on the purchase decision process and creating loyalty has been shown in the field of services, especially banks (Rasool et al., 2021). The brand image and perception reflect the associations of the brand in the memory, which includes information nodes related to the concept of the brand. Different concepts and characteristics of the brand shape the brand image and a positive brand image strengthens brand loyalty (Sürücü et al., 2019).

Hypothesis 3 Brand has an impact on engagement.

Hypothesis 4 Brand has an impact on customer loyalty.

From the perspectives of both sellers and customers and consumers, profit and interest are the main factors affecting the delivery and receipt of services and products. The benefits provided by the banking industry to investors and receiving benefits from the users of banking facilities and services are among the main pillars to attract and consume banking resources. Banks can benefit from the diversification of profits. Bank interest is assumed as one of the important and effective factors in terms of the bank's customer engagement and loyalty. Regardless of the rate of interest earned on investment, it would be somehow impossible to create willingness and engagement among the investors. In the absence of paying attention in providing and distributing appropriate profits, the rich would be richer and the poor would be the poorer. As deposits are the backbone of the banking sector, the rate of profit is an effective tool to attract customers (Hamzah et al., 2016). Bank deposit products and loans, brand, and service quality affect the customer engagement and, consequently, loyalty. The bank loans are critical in deciding whether a company or an individual is to invest or not. The cost of fund affects the lending rates in banks, and, in turn, encourages or discourages companies to invest according to their financial status. Profit and interest are the main factors for the delivery and receipt of services and products. From the perspectives of both sellers and customers and consumers, profit and interest are the main factors affecting the delivery and receipt of services and products. The benefits provided by the banking industry for investors and receiving benefits from the users of banking facilities and services are among the main pillars to attract and consume banking resources.

Hypothesis 5 The rate of profit and facility has an impact on customer loyalty.

Hypothesis 6 The rate of profit and facility has an impact on customer engagement.

The concept of engagement describes the customer's experience from active communication or cooperation with a marketing entity. Customer engagement can constitute a wide range of focal destinations such as brand, organisational initiatives and innovation, virtual communities, and so on. Customer engagement affects a customer's orientation towards the brand and, consequently, his decision to purchase the brand products. Each brand adopts two basic decisions using social media to create engagement among their customers. Using innovations, the organisations need to increase their efforts to understand, define, and build customer engagement, which in turn creates the customer loyalty. Customer engagement with a service brand is as effective as customer loyalty. Customer engagement is to guide the customers towards understanding the quality and competitive advantage of brand products, compared to their competitors. The engagement positively affects the components of brand loyalty and the purchase of brand goods. Increasing brand quality affects customer engagement as well as the customer loyalty. When customer engagement with the brand increases, it is more likely for them to return to the delivery site of the brand goods to check for issues like whether the brand meets their expectations, and to repurchase or return the brand goods in the future (Shafaei and Badaruddin, 2015). Companies are increasingly benefiting from customer engagement to involve customers in product development and to provide product development processes and new products. Engagement with a brand needs to create different levels of brand engagement (Demangeot et al., 2016). Customer engagement is illustrated as a tendency to create, establish, and enhance customer relationships and is a strategy to arouse a competitive advantage. Customer engagement is critical to have a potentially effective customer satisfaction, customer loyalty, company performance, and to enhance the

company value. Therefore, the customer engagement needs to be investigated across a variety of service areas to cope with any occurring change, and if so, the factors that cause change need to be recognised. One of the factors influencing the engagement is the role of employees and the quality of services, which would persuade the customers. Organisations to develop a loyalty relationship with customers through a directed attention require customer engagement. Customer engagement is an individual partnership and interaction with the organisation's services and innovative products. The more appropriate the profits of the brand products are for customers, the more enhanced the customer engagement will be. Customer engagement is driven towards the customer loyalty. Brand image and brand dependency are one of the factors contributing to the customer engagement. The brand image and love positively affect customer engagement, his purchase decisions, and, consequently, the customer loyalty (Prakash and Barua, 2016). The favourable brand engagement is created by establishing an enduring brand interest in the customer. As a result, this creates positive relational outcomes such as loyalty and relationship development. In order to have a proper engagement, it is necessary to understand the various experiences on how customers are monitoring or communicating with the product. The customer engagement with the brand and the company name causes engagement with other products in the company. Relationships, behavioural trends, and brand objectives often come with a sense of dependency and an evaluation following the brand engagement. Attracting and retaining customers and turning them into loyal customers in a highly wavering, complicated and competitive environment is crucial to success. Customer loyalty is broadly associated with organisational financial performance since it plays a key role in maintaining and increasing sales. Loyalty interacts with customer engagement and enhanced benefits, as the cost of attracting new customers is at least five times greater than the cost of retaining existing customers. Various studies have emphasised the importance of customer engagement in creating customer loyalty (Kaur et al., 2020). In the banking sector, since a stable relationship with the customer is very important, various techniques are used to create loyalty. Customer engagement in the service sector is decisive in increasing customer loyalty (Islam et al., 2019; Kaur et al., 2020; Rather and Camilleri, 2019; Rasool et al., 2021). According to social exchange theory, people analyse the cost-benefit in an exchange and compensate for the received value. Thus, they return the received value to the organisation that provided them with value. Therefore, loyalty is compensation that occurs due to engagement with a service organisation by customers. Customer engagement has emerged with the shift of transactional approach to relationship marketing and studies have addressed its impact on customer behaviour (Ting et al., 2021; Barari et al., 2021).

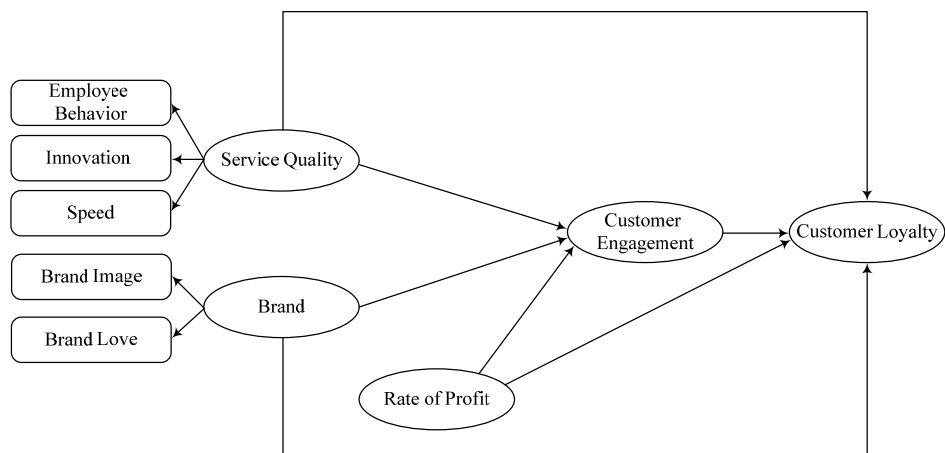
Hypothesis 7 Customer engagement has an impact on customer loyalty.

3 Methodology

This research was an applied study with regard to its nature and a descriptive survey in terms of its method. The statistical population consisted of the natural customers of the Financial and Credit Mehr Eqtesad Institution, Samen Credit Institution, Sepah Bank and Melli Bank Branches in Isfahan. Simple random sampling was employed and the data was collected using a 35-item questionnaire. Data were collected using a convenience

sampling method and through face to face survey. However, convenience sampling is a non-probability method and is appropriate when there is a large dispersion among respondents to the questionnaire. Given the accessibility to the customer, they were asked to fill out the questionnaire to collect the required data. In studies of structural equation modelling, the $5q \leq n \leq 15q$ formula is usually used for calculating the sample size; in which 'q' is the number of questions and 'n' is the sample size. Finally, 356 questionnaires were provided with correct information and used to analyse the data. The face validity of questionnaire was confirmed by experts' views. The factor analysis was used to evaluate the construct validity. And also, Cronbach's alpha was used to calculate the reliability.

Figure 1 Research model



In this study, the researchers used: Bandyopadhyay (2015) and Islam and Zillur's (2016) research to measure the employee behaviour; McDermott and Prajogo (2012) to measure innovation in services; Islam et al. (2015) and Mittal et al. (2015) to measure the speed of service provision; Blasco et al. (2016) to measure brand image; Sarkar and Sreejesh (2014) to measure brand love; a researcher-made questionnaire to measure the rate of profit and facilities; Blasco et al. (2016) to measure customer engagement; Bapat and Madhukar (2017), Monferrer-Tirado et al. (2016) and Van Esterik-Plasmeijer and Van Raaij (2017) to measure customer loyalty. To test the research hypotheses, structural equation modelling and AMOS software were used. The face validity of the questionnaire was confirmed through holding several sessions and using the comments of the experts of the field, who included some professors and bank staff. Factor analysis was also adopted to evaluate its construct validity. Table 1 represents the values of factor loads for each variable. As it can be observed, the factor loads are acceptable (>0.5). Given that the critical values are greater than 1.96, the resulting factor loads are meaningful.

Cronbach's alpha was used to calculate the reliability (Table 2). Considering that the reliability of each factor is greater than 70%, the questionnaire reliability is approved.

Table 1 Confirmatory factor results

<i>Variable</i>	<i>Items</i>	<i>Factor loads</i>
Service quality	The bank employees are polite and good tempered.	0.88
	The bank employees provide services adjusted to their customers' needs.	0.92
	The bank employees have adequate knowledge to answer customer questions.	0.87
	The bank employees always tend to help their customers.	0.84
	The bank is innovative in providing services.	0.90
	The services provided by this bank are up-to-date and timely.	0.87
	The bank continuously develops new services.	0.87
	When customers are having trouble, the bank pursues the issue with interest.	0.80
	This bank provides the expected services as soon as possible.	0.90
	This bank provides the expected services at the due time.	0.94
	In general, the speed of service in this bank is excellent.	0.84
Brand	The brand of this bank has a better reputation than those of its competitors.	0.84
	The brand of this bank is nice and pleasing.	0.88
	The brand has a distinctive feature that distinguishes it from its competitors.	0.87
	Receiving this bank's services reflects my existential characteristic.	0.83
	The bank brand is brilliant.	0.83
	The bank brand makes me feel good.	0.84
	The bank brand is excellent.	0.91
	The bank brand makes me have positive feeling.	0.86
	The bank brand makes me feel happy.	0.83
	I do like the bank brand.	0.83
	I am into the bank brand.	0.87
	I am highly engaged with the bank brand.	0.86
Rate of profit and facilities	This bank's rate of profit is acceptable.	0.87
	Compared to other banks, this bank's rate of profit is higher.	0.90
	The bank uses various plans for bank interests.	0.92
	Compared to other banks, this bank provides better facilities.	0.96
Customer engagement	My interaction with this bank makes me feel worthy.	0.87
	I feel a special link with this bank.	0.79
	I feel a personal relationship with this bank.	0.96
	I feel a special relationship with this bank.	0.90

Table 1 Confirmatory factor results (continued)

<i>Variable</i>	<i>Items</i>	<i>Factor loads</i>
Customer loyalty	This bank is the major bank I cooperate with.	0.89
	In the future, I will continue my cooperation with this bank.	0.90
	I would like to extend my cooperation with this bank.	0.92
	I recommend this bank to my friends, family, or colleagues.	0.99

Table 2 Cronbach's alpha to evaluate the questionnaire reliability

<i>Variable</i>	<i>Cronbach's alpha</i>
Employee behaviour	0.92
Innovation in services	0.89
Speed of service provision	0.92
Service quality	0.96
Brand image	0.91
Brand love	0.95
Brand	0.97
Rate of profit and facilities	0.95
Customer engagement	0.93
Customer loyalty	0.95

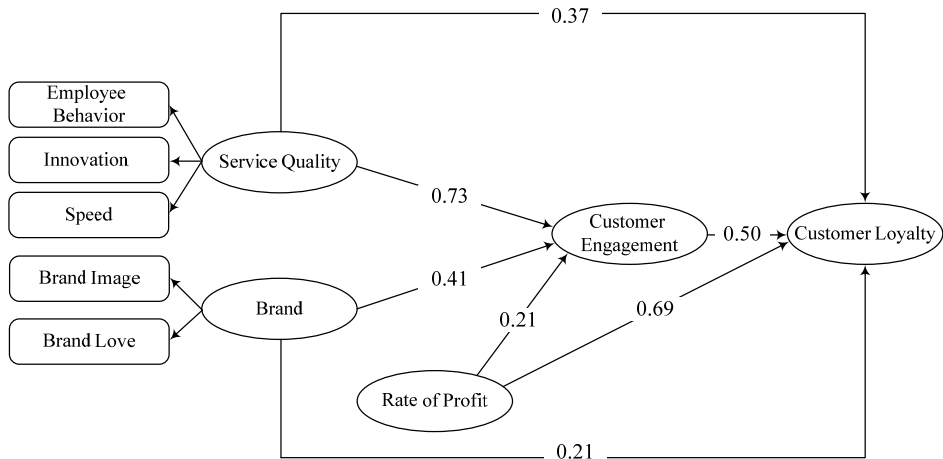
4 Research findings

To test the research hypotheses, structural equation modelling and the AMOS software were used. To this end, the fitting of the measurement models was first analysed individually. The results of the factor analysis confirmed all models.

Table 3 Fit indices of measurement models

<i>Model</i>	<i>Fit index</i>	<i>CMIN/DF</i>	<i>GFI</i>	<i>AGFI</i>	<i>CFI</i>	<i>RMSEA</i>
Service quality		2.08	0.95	0.94	0.98	0.04
Brand		2.19	0.96	0.93	0.97	0.07
Rate of profit and facilities		2.49	0.93	0.91	0.96	0.06
Customer engagement		2.43	0.93	0.92	0.95	0.08
Customer loyalty		2.28	0.91	0.90	0.94	0.09
Appropriate fit		<3	>0.9	>0.9	>0.9	<0.1

After testing the fit of each measurement model, the research structural model was studied (see Figure 2). Table 3 shows the fitting indices of the measurement models. The comparison of the values with their proper fit values revealed that all the indices were acceptable.

Figure 2 Structural model results**Table 4** Fit indices of structural model

<i>Fit index</i>	<i>CMIN/DF</i>	<i>CFI</i>	<i>IFI</i>	<i>PNFI</i>	<i>RMSEA</i>
<i>Model</i>					
Structural	2.31	0.91	0.90	0.92	0.09
Appropriate fit	<3	>0.9	>0.9	>0.5	<0.1

Table 5 Test result of the first hypothesis

<i>No.</i>	<i>Hypotheses</i>	<i>Beta coefficient</i>	<i>Critical value</i>	<i>P</i>	<i>Result</i>
1	The rate of interest and facilities has a significant impact on customer engagement.	0.21	6.03	0.001	Confirmed
2	Brand has a significant impact on customer engagement.	0.41	10.63	0.001	Confirmed
3	Quality of service has a significant impact on customer engagement.	0.73	16.48	0.001	Confirmed
4	The rate of profit and facility has a significant impact on customer loyalty.	0.69	17.52	0.001	Confirmed
5	Brand has a significant impact on customer loyalty.	0.21	6.24	0.001	Confirmed
6	Quality of service has a significant impact on customer loyalty.	0.37	6.32	0.001	Confirmed
7	Customer engagement has a significant impact on customer loyalty.	0.50	7.02	0.001	Confirmed

Table 5 shows the results of the hypothesis testing. Since the critical value is greater than 1.96, all hypotheses are accepted.

The results of hypotheses analysis as reported in Table 5 showed that the rate of interest and facilities has a significant impact on customer engagement ($\beta = 0.21$, $p < 0.01$), brand has a significant impact on customer engagement ($\beta = 0.41$, $p < 0.01$),

quality of service has a significant impact on customer engagement ($\beta = 0.73$, $p < 0.01$), the rate of profit and facility has a significant impact on customer loyalty ($\beta = 0.69$, $p < 0.01$), brand has a significant impact on customer loyalty, ($\beta = 0.21$, $p < 0.01$), quality of service has a significant impact on customer loyalty ($\beta = 0.37$, $p < 0.01$) and customer engagement has a significant impact on customer loyalty ($\beta = 0.50$, $p < 0.01$).

5 Discussion and conclusions

Customer loyalty has been one of the most-of discussed issues in marketing literature. Although a large number of studies have been conducted in this regard, customer loyalty was being researched over the recent years due to customers' changing and diverse needs and demands. For example, Gali and Hajjar (2016) emphasised the importance of customer loyalty to promote the social status of organisations and to provide a suitable ground for achieving goals and recommended that the organisations should reach their goals through improving the quality of services and enhancing employees' capabilities and understanding. In line with increasing customer loyalty to achieve strategic goals, banks are proposed to increase investment on the service quality. Kashif et al. (2016) considered customer loyalty to be dependent upon customer satisfaction and organisational success to be a result of customer satisfaction. From their perspectives, obtaining information on customer loyalty allows banks to achieve their specific competitive advantage. Kashif et al. (2015) recommended the network marketing approach for the organisations to reach their goals and maintain the desired level of customer satisfaction and loyalty. Zameer et al. (2015) stated that organisations should seek to improve their mental image due to the high impact of customer perceived value on his loyalty and the importance of customer loyalty in increasing the positive image of organisations. According to the abovementioned points, various factors affect customer loyalty; however, empirical observations of the customer behaviour indicate that these factors will affect their behaviour if the rate of profit and facilities are not driving the customer. Contrary to the previous studies, the research findings suggest that the variables like professional employees, the speed of service delivery and abundant creativity, brand reputation and image are no longer able to exclusively attract and retain the customers in the early stages and that the variable profit plays a strategic role at this stage. Attracting and retaining the customers cannot be performed by other variables successfully unless the client has been stimulated by the bank in terms of the profit received from the services. Thus, it is necessary to pay enough attention to the strategic role of this variable. In the case of disregarding this important variable, a new financial institution with no history of branding could eliminate an old brand bank from the field of competition and cause devastating impacts on the country's micro and macro economy as well as industry and production.

A lot of research has been conducted on customer loyalty in various industries, especially in the banking industry. The researchers have identified many factors influencing customer loyalty and their choice and preferences. The factors include service quality, employee behaviour, trust, brand, and so on. Observing the customer behaviours in some banks located in Iran shows that profit rate and facilities have a great impact on their behaviours so that a few percentage increase in the profit rate would have a large impact on the selection of a bank by customers and somewhat diminish the impact of

other factors. This research gap is less dealt with in the literature and its possible implications have been less discussed as well. Consequently, the current study was focused on comparing the degree of effect imposed by different factors affecting the customer loyalty in banks. Based on results, Rate of profit and facilities has an impact on customer engagement. Two factors of price quality and price transparency had the most and the least effect on loyalty and engagement (Nazari and Bahriinejad, 2013). The rate of profit is one of the effective factors in terms of customer engagement. Profit and facility are an integral part of customer engagement and interest. Brand has an impact on customer engagement. Both brand commitment and interest affect the level of customer engagement and loyalty. The perceived brand image affects customer engagement (Zameer et al., 2015). The brand image and love have also an effect on the customer engagement. Service quality has an impact on customer engagement. The impact of the frontline employee's behaviours on male customers' engagement was much greater than the impact imposed on female customers (Rod et al., 2016). The strongest impact was associated with the relationship between perceived value and customer loyalty and engagement (Baradaran et al., 2014). Quality of service affects customer engagement (Al-Jazzazi and Sultan, 2017).

Rate of profit and facilities has an impact on customer loyalty. The impact of the rate of interest and facilities is superior to that of other . Regarding customer loyalty, the rate of interest and the provision of facilities follow behavioural factors and the provision of quick services (Hamedani et al., 2013). Brand has an impact on customer loyalty. Brand interest affects the level of customer loyalty (Sehat et al., 2014). The mental image influences satisfaction and service quality. Perceived service quality, emotional satisfaction, and mental image are the main drivers of customer loyalty (Giovanis et al., 2014).

Service quality has an impact on customer loyalty. Service quality improves customer satisfaction as a prerequisite customer loyalty. Customer loyalty in the banking sector depends upon strong relationship and trust between customers and employees (Ozatac et al., 2016). Quick delivery of services and customer-oriented services play a vital and strategic role in establishing an ideal relationship between knowledge and human capital. The speed of service delivery and mental image affect customer loyalty. Satisfaction, trust, and perceived changes have a positive effect on customer loyalty (Sabze'i et al., 2014). Customer engagement has an impact on customer loyalty. Customer engagement, quality, and how to communicate with customers have a significant impact on customer loyalty (Rahman and Ramli, 2016). The loyalty level of Eastern consumers is generally higher the loyalty level of Western consumers (Zhang et al., 2014). The results suggested that customer loyalty analysis is somewhat complicated (Baba et al., 2015).

6 Managerial and theoretical implications

This research provides important theoretical and practical implications by testing a conceptual model. The present research contributes to the development of the body of knowledge about customer loyalty and customer engagement. On the one hand, the model examined in this research supports the models of past studies that have studied the factors affecting customer loyalty and customer engagement (Sürücü et al., 2019; Rasool et al., 2021; Anabila et al., 2021; Islam et al., 2019; Huang and Chen, 2022). It also

studies the rate of interest and facilities as a new factor that is less considered in past studies and shows its effect on customer loyalty and customer engagement. According to the present study, the capital transfer is very vital for engaging customers due to its importance in loyalty. Therefore, it is necessary to design the brand experience at the contact points and along the service path. Also, the improvement of various dimensions of service quality is effective in this process. Also, according to the research model and the results of the study, the following points are recommended:

- Given the superior role of profit in terms of consumer behaviour, financial institutions, especially banks, should take the utmost benefit from this strategic variable to remain in the competitive market.
- In order to retain and expand market share, the brand banks should not have the interest rates on deposits lower than those set by new financial institutions.
- The financial institutions' misuse of the important and strategic variable profit would be impeded through raising awareness and knowledge in the society.
- Given the critical role of the variable profit in consumer behaviour, it requires special attention in corporate strategies as well as in the macro level of society.
- As the utility of the financial status increases, the impact of the profit on consumer behaviour decreases. Thus, efforts to improve the economic status would reduce the risks and losses imposed by the large impact of the profit on society.

7 Recommendations for future research

Researchers are recommended to investing the following points in their future research:

- to investigate the different impact of behavioural and psychological characteristics in this study in order to improve the implications of the study and obtain more accurate results
- to have a more careful examination of the impact of bank profits on changing consumer behaviour and the degree of its impact in different societies having different cultures
- to examine the impact of consumer economic status on consumer behaviour in selecting the brand and profit of the financial institution and banks
- to consider the impact of the relationship between the government and people on selecting financial institutions and banks
- to enquire about the impact of advertising in public media on selecting financial institutions and banks.

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