

Review

Antecedents of Customer Loyalty in Private Commercial Banks of Bangladesh

Md Zohurul Anis^{1*}, Ahasanul Haque², Nur Fariza Binti Mustofa³

Received: 05 April 2024 / Accepted: 29 April 2024 / Published online: 30 June 2024

Abstract

Bangladesh's economy being a small one is home to a huge number of private commercial banks offering homogenous products giving rise to fierce competition within the industry. Gaining substantial customer loyalty can help bank companies survive the competition in the industry. This study tried to review the impact of service quality and perceived value as the antecedents of customer loyalty for private commercial banking customers in Bangladesh. The study reveals that service quality and perceived value positively influence customer loyalty and that the positive impacts are significant as found in prior studies. Additionally, this study suggested that private commercial banks in Bangladesh ought to continually gratify customers by ensuring the quality of service and enhancing perceived value, thereby gaining customer loyalty. As the implication, this study highlighted to the scholars and professionals in the banking industry may resort to the findings of the study for having a better understanding of how the different relevant factors give rise to customer satisfaction, which in turn creates customer loyalty, and how they influence each other as well. The outcomes of the study will assist the practitioners in which innovative and distinctive marketing strategies are to be devised to enhance customer loyalty.

Keywords: *Antecedents, Customer Loyalty, Private Commercial Banks, Bangladesh*

^{1,2,3} International Islamic University Malaysia, Kuala Lumpur, Malaysia

*Corresponding Email: zohurul.anis@gmail.com

To cite this article:

Anis, M. Z., Haque, A., Mustofa, N. F. B. (2024). Antecedents of Customer Loyalty in Private Commercial Banks of Bangladesh. *International Journal of Innovative Research and Publications*, 4(9), 20-32. <https://doi.org/10.51430/IJIRP.2024.49.003>



Introduction

The loyalty of customer to the service companies has been seen both anecdotally and empirically as a source, among others, of sustainable competitive advantage throughout the world (Garepasha et al., 2021; Minta, 2018; Hasiri & Afghanpour, 2016; Ofori et al., 2017). Competition for drawing attention of the customers has given rise to an intense rivalry among the service providing companies. So, building consumer loyalty is considered to be a crucial phenomenon for such companies' growth and survival (Islam et al., 2021; Özkan et al., 2019; Famiyeh et al., 2018). Consequently, customer loyalty is gaining popularity to academics and practitioners as it plays a key role in marketing any product or service (Ofori et al., 2018; Tabrani et al., 2018).

In this context, the banking sector, which is the largest contributing portion of the financial service industry, has embraced customer loyalty as a robust conclusive weapon for the success of their business (Haron et al., 2020; Anwar et al., 2019; Islam & Ali, 2011). This financial service providing institutions can propel an economy through playing a prudent and dynamic role (Kant et al., 2017), similarly this is utterly true for Bangladesh (Ahmed et al., 2019). There always prevails a fierce competition among the bank companies irrespective of differences in economies, when many bank companies offer products resembling to each other's and thereby providing the customers with the opportunity to switch between the companies with increased expectation for services from them (Osman et al., 2015; Köksal & Dema, 2014). Hence, the banks are desperately trying to capture their customers' attention by offering excellent quality of service and creating superior perceived value in order to differentiate one from another (Anwar et al., 2019; Ho & Lin, 2010).

The survival of banks depends on customer contact, as these types of financial service providers are intimately customer oriented (Shayestehfar & Yazdani, 2019; Rahman, 2016; Karim & Chowdhury, 2014). Many practitioners have articulated that the vital function of a bank is to consider continually evolving needs of the customers and then feed them into the implementation process of sustaining increased service quality in a situation of stiffer market competition (Garepasha et al., 2021; Jain & Jain, 2015). Indeed, the quality of service is fundamentally considered as a strategic weapon in order to meet customers' banking requirements for the bank (Shayestehfar & Yazdani, 2019; Khorshidi et al., 2014). Besides, the perceived value of customer is also regarded as an essential element to assess their buying behaviour which creates a meaningful relationship between an organization and its clients (Sahoo & Telang, 2019; Ivanauskienė et al., 2012). It has been verified that the organization develops a continual flow of products and services to its customers through the creation and recognition of the value that provides exclusive benefits to their buyers and at the same time, it facilitates the company to thrive and to drive to a higher annual return (Chahal & Kumari, 2012).

For any economy, it is important to know how its financial sector, particularly, banking sector, is performing their operations. A bank should have an understanding of how the influence of service quality and the perceived value on customer loyalty through being mediated by the mental state of customer satisfaction works. The performance of the banks and their survival, on the one hand, depend on how successfully the banks are viewing the loyalty of the customers to them. On the other hand, customer loyalty is viewed as the function of how the customers are being served and customers perceive the value of the services provided by the banks.

Through the lens of literary works and pragmatic worldviews, it is judicious to sum up that knowing how a country's financial sector performs, is a crying need for the private commercial banks, because it is also plausible to assess the influence of the quality of service and the perception of value on customer loyalty mediating by the state of customer satisfaction (Arif et al., 2012). In setting the seal, it is ambitiously inquired that studying the significance of

quality of service and the customers' perception of value towards customer loyalty seems to be justified for the existence of service providing companies, namely banks, hotel and tourism, insurance, media, telecom and other financial services (Al-Azzam, 2015). In line with the afore-mentioned narratives, this study is attempted to adhere to the practices of the quality of services and perceived value in the private commercial banks in Bangladesh.

Banking Sector in Bangladesh

Bangladesh is a developing country in South Asia. The economic strength of the country is increasing day by day. The banking sector is an innate part of an economy in order for operating its economic operations (Uddin & Bristy, 2014). A country's economic scenario relies on the stability of its financial system (Teker et al., 2011). Bank is the intermediary element of a financial system and plays a crucial role in financial markets (Guisse, 2012). Al-Karim and Alam (2013) have clarified that bank is a financial intermediary channelling finance that collects fund from households and groups and disburses the collected amount to the lenders or investors through charging multifaceted costs associated with the amount disbursed. This type of organization does not produce any new assets, but their fund channelling activities inspire and facilitate the way of formation, distribution, exchange, and usage of resources. Levine (2005) stated that a country can quickly achieve its economic growth through the financial development and through a well-organized banking sector. In a similar perspective, the banking sector plays a crucial role in the advancement of economic growth in Bangladesh (Sultana & Akter, 2017). It is considered as a major source for business companies to overcome their monetary deficiencies regarding working capital based on short and even long term necessity. Thus, Bangladesh has become encouraged as a developing economy to progress its banking sector with the aim of promoting economic development.

At the time of its establishment, Bangladesh had a banking system based on interest, which was first implemented here, as a part of the British Colony (Siddiquee et al., 2013). Bangladesh has seen a new banking phenomenon both domestically and internationally since its beginnings. The Dacca Bank, the first bank based in Dhaka, was established in 1846 prior to the independence of Bangladesh, in the British regime. They were interested in small banking without issuing banknotes (Islam et al., 2014). They also observed that in 1862, the Bank of Bengal purchased this bank. In 1873, two locations such as Sirajganj and Chittagong had been chosen to open branches, and Chandpur was later chosen in 1900. The bank managed six branches in East Bengal in the years until 1947 when the partition of Bengal took place: the branches were Dhaka, Chittagong, Rangpur, Chandpur, Narayanganj, and Mymensingh.

In accordance with Uddin and Bristy (2014) after Bangladesh's independence, the Bangladesh government declared the State Bank of Pakistan, head quartered in Dhaka, as the nation's central bank, naming it Bangladesh Bank. The bank was established by the presidential order number 127 of 1972, which was issued on 16th December 1971 through the establishment of the Bangladesh Bank in 1972. Banking industry began its operation with state-owned six commercial banks, two specialized banks and three foreign banks. Thus, the banking industry in Bangladesh started its operations with six commercial banks operated by the government, two specialist banks and three international banks. In Bangladesh, based on the President's order number 26 of 1972, "The Bangladesh Bank (Nationalizations) Order, 1972" was approved on March 26, 1972 and the state-owned commercial banks were established on that day. The key aim of this nationalisation is to help the poor or underprivileged people through accessing funds, reducing illicit capital flows to foreign countries and accelerating investment to the households and organisations. The arrival of private commercial banks in 1980 has contributed to a significant expansion in line with the banking industry. In this regard, Siddique et al. (2016) postulated that the banking industry in Bangladesh has gone through expansion over the last three decades (1983-2016). Today Bangladesh's banking sector is not highly

different from the one that we see in other advanced countries. The banking sector, which is one of the core sectors of service in the economy of Bangladesh, is separated into four groups of listed Bank, such as Nationalised Commercial Banks (NCBs), Private Commercial Banks (PCBs), Government Maintained Development Financial institutions (DFIs) as well as Foreign Commercial Banks (FCBs) and along with some non-listed banks and non-banking financial institutions which all are governed by the Bangladesh Bank which is the central bank of Bangladesh (Bangladesh Bank, 2017; Ali, et al., 2019; Rahman, et al., 2017). In Bangladesh, there are 6 NCBs, 4 DFIs 40 PCBs, 9 FCBs, five non-listed banks and 34 non-banking financial institutions that have been operating their business through more than 10,000 branches (Bangladesh Bank, 2019).

Rayhan et al. (2011) have mentioned that Bangladesh's banking sector is mainly buttressed by the Bangladesh Bank, listed banks, non-banking financial institutions, microfinance institutions (MFIs), insurance firms, co-operatives, lending agencies and stock exchanges. Bangladesh's economy has been developing increasingly and a sound financial system is required to sustain it (Shahid et al., 2004). Bangladesh Bank (2018) has declared that Bangladesh is an agriculture based country and around 40.6% of total workforces are directly dependent on this sector. They have also acknowledged that during FY18, BDT 213.93 billion loans have been distributed to the agricultural sector under the declaration of Bangladesh bank's credit policy and program through all listed commercial banks. With a view to carrying out performance, not only in agricultural sector but also in other sectors e.g., ready-made garments industry, pharmaceuticals, international trading, and so on, the country exigently needs a reliable and secure banking sector. Because of flawed liquidity management, inefficient capital markets, inadequacy in the availability of financial instruments and the lack of confidence of investors in the financial system, the banking sector has hardly become a predominant sector in the economy of Bangladesh (Repon & Islam, 2016). Hence, banks promote cash flows to households and organisations that eventually speed up economic growth of a country (Anusara et al., 2019; Ali & Howlader, 2005).

During the preceding decades, the banking sector of the country has gone through huge upheaval and elevated the sector to an advanced stance (Sarkar, 2017). This sector has also taken the initiatives to encourage financial inclusion of marginal income people in rural areas as a micro-entrepreneur, whose policy instruments for achieving this goal are SME financing, microfinance, and micro-credits (Siddique et al., 2016). This transformation assisted the acceleration of the rural monetization and subsequently has increased its business orientation. Bangladesh Economic Review (2015) cited by Sarker (2017) states that the contribution of Financial Service Industry (FSI) reflects a 3.74 per cent increase to the overall GDP of Bangladesh, of which banks value-added 83.88 per cent which is a 2.8% share of total GDP. On the other hand, the banking industry faces numerous challenges, including poor management, improper governance, lack of effective leadership and failure to comply with ethical standards that lead to different kinds of financial assaults, namely money laundering as well as non-performing loans (NPL). Even though there exist some challenges in banks in Bangladesh, they have been adopting internationally recognized banking practices such as Basel III Accord (Siddique et al., 2016; Sarkar, 2017).

Private Commercial Banks in Bangladesh

In Bangladesh, the private commercial banks play a crucial role in the development of the country through the mobilisation of financial resources (Akhtar, 2011). In the country, currently forty private commercial banks are operating their activities under the central bank of Bangladesh. Those commercial banks are overarching the country through thousands of branches. According to the Bangladesh Bank (2018) circular, the numbers of total branches of Bangladeshi private commercial banks are 5091. In 2016, the total assets of PCBs were 7560

billion BDT and total deposits were 5788 billion BDT (Bangladesh bank, 2018). These banks are the main vehicle to accelerate the deposited fund from households and organisations to households and organisations at the same time (Hasan & Baten, 2005; Repon & Islam 2016). Therefore, the private commercial banks actually fuel the engine of development of Bangladesh by providing financial support to business start-ups, providing loans to individuals and institutions to propel the industrial production, controlling the supply of money in the country, keeping people's money secure, and increasing awareness of saving tendencies (Uddin & Aktar, 2021; Uddin & Bristy, 2014).

After the independence of Bangladesh, the standard of customer services and managerial inefficiency of the state-owned banks declined because of the presence of monopoly in the banking sector and this scenario continued until 1982. Then, the government implemented several reform steps to boost competitiveness and banking efficiency in the banking sector. In 1983, the Bangladesh Government initiated an "Ownership Reform" program and allowed Private Commercial Banks (PCBs) to start their business in the industry and to enhance the efficiency of the individual banks (Ali et al., 2015). And there are 40 Bangladeshi private commercial banks that have been operating their business in Bangladesh until 2018 (Bangladesh bank, 2019). During this time period, the adaptation of numerous policies for the banking sector occurred through the financial liberalization framework and the establishment period of private commercial banks are considered by four distinct generations which are 1982-1987, 1992-1996, 1998-2001, and 2013-2016 (Uddin & Sohel, 2018). There are 30 private commercial banks enlisted in Dhaka Stock Exchange (DSE) and only the fourth-generation banks (during 2013-2016) are not included yet.

In Bangladesh, this sector offers attractive returns to their shareholders through doubling of earnings, leading to sustainable progress and sustaining rigorous competition while optimising the wealth of shareholders. Besides, this type of banks has shown a momentous ascending trend in their investment of capital market until 2010, just before the collapse of the stock market. Repon and Islam (2016) have further declared that the Private Commercial Banks (PCBs) dominate Bangladesh's banking industry with PCBs accountable for 59% of total deposits and 58% of assets, whereas 28% and 29% by government-owned commercial banks keep those amounts. In fact, continually introducing new innovative service and bank automation leads PCBs to dominate other categories of bank of the banking industry (Islam et al., 2014).

Census and Economic Information Center (CEIC) is an operating body under the Bangladesh Bank (CEIC, 2018). The center (CEIC) is responsible for unravelling financial reports and accounts relating to the banking activities in the country. The report of Bangladesh Bank (2018) derived from the CEIC database showed that the total assets of private commercial banks (PCBs) in 2007 were estimated to be 1426.600 BDT (in billion) and this figure increased by 2018 to 9,769.700 BDT in billion (CEIC, 2018). At the same time, the total deposits for PCBs were 7,127.200 BDT in billion at the end of 2018; however, in 2007 this figure was 1150.200 BDT in billion (CEIC, 2018).

The private commercial banks provide to their consumers almost identical categories of products and services (Osman et al., 2015). The key functions of these banks accumulate savings from the people and mobilize it for investment in industrial projects and organisations. The surplus amount of interest obtained from borrowers and provided to depositors is considered to be the profit of the bank. The investors take a loan from banks to fund the activities of project and encourage the pace of growth by reorienting the credit policy (Ashaduzzaman et al., 2012). Investors are often granted special funds to complete projects. The banks provide guarantees to foreign agencies for industrial loans. To international business dealings, this type of bank also arranges the foreign exchange too. The international currency accounts' facility has contributed to a rise in the country's reserves of foreign exchange. The

banks encourage foreign trade by means of introducing letter of credit (LC). Indeed, private commercial banks not only operate their operation through the banking system but also through their service a guide for their clients about fund management (Ashaduzzaman et al., 2012).

Moreover, apart from these services, private commercial banks provide many other products and services to their individual and corporate customers, such as cash management, service of Automated Teller Machine (ATM), small and medium enterprise banking, foreign remittance account, credit card service, utility bill and other auxiliary services, locker and multipurpose consumer loan service (term loan, car loan, education loan, housing loan, micro group credit, micro-credit enterprise, etc.). They have personalized ATM booths for 24/7 cash withdrawal. In addition, they offer corporate banking, loan syndication, offshore banking services, trade advisory services, export and import services, real-time online banking for corporate clients. Recently mobile banking and internet banking service are also available to make it easy for customers (Uddin & Akhter, 2012).

Challenges for Banks in Bangladesh

The globalization process has substantially influenced banking sector in the world (Kant & Jaiswal, 2017; Fauzi & Suryani, 2019). The consequence is primarily articulated through liberalization, deregulation and change in the technological atmosphere which has increased competition within this industry (Rahman, 2013; Bakar, et al., 2017). The same nature of stiff competitive situation has been witnessed within the Bangladeshi banking industry as well. In the context of Bangladesh, private commercial banks have been battered by the pressures of globalization, competition from their counterpart banks, non-banking financial institutions, and the vacillating market dynamics (Sarker & Borhan, 2013). To overcome aggressive pressure and market competition, the banks have been trying to familiarise comparatively moderate, rendering, and relatively cheaper service at a consistent manner for their clients. Because, competitive as well as dominant banking nature is largely determined by the degree of its fulfilment to the needs of their customers. Even though the private commercial banks in Bangladesh have faced complexity to draw the attention of the expected number of new and existing customers due to insufficient fulfilment of customers' expectations.

The banking sector in Bangladesh has grown and developed significantly after independence (Ahmed, 2005; Siddiqi, 2011). In addition, the government of Bangladesh has authorized a quite number of private commercial banks and non-banking financial organizations during the last decades (1984-2016), which further increased the competition and complexities among the banks. The banks, especially private commercial banks, are facing fierce competition from their counterparts since most banks in Bangladesh offer nearly identical categories of products and services, a variety of deposit and loan scheme under general banking, online facilities, ATM facilities, mobile banking, agent banking, and also from the non-listed banks and non-banking financial organisations that are also appearing as a competitor by means of performing their operations in the country (Hafez, 2018). Such a development has intensified competition in the banking industry in Bangladesh. Thus, newly emerged challenges pop up continually and hinder the private commercial banks in executing their day-to-day functions or smooth presence.

Moreover, the Expenditure Income (EI) ratio of the private commercial banks have been increased by 4.6% in the year 2018 from the preceding year 2017 and this trend was also observed in the last couple of previous consecutive years (Bangladesh bank, 2018). The main reason behind the increase in the expenditure income ratio is that it might be able to make more profit through retaining existing customers. However, it is witnessed that, the net profit trend of private commercial banks has not become paralleled to their operating investment due to the absence of an expected number of loyal customers. Therefore, private commercial banks in

Bangladesh are struggling for their survival, as they are challenged with the complexity of retaining their existing clients as well as attracting new ones.

In the banking sector, drastic positive changes from forces like globalization forces, information availability and intellectual capital have made customers more literate, responsive and variety-seeker. These sorts of scenario have made the service provider's job more competitive. Likewise, the private commercial banks' customers in Bangladesh are highly prone to negotiation and comparison of the service quality offered by the banks (Siddiqi, 2011; Leninkumar, 2017; Al-Karim, 2019). Al-Karim (2019) has argued that the banks' growing attempts to fulfil the customers' expectations for superior quality of services and perceived values have collectively spiked competition within the banks. When customers' aspirations are not fulfilled, then such failure leads to the customer to moving from the concerned bank to their counterparts and often helps to break the client-organisation relationship (Ha & Jang, 2009). Because of the presence of such inter-bank competition, customers have driven themselves to the switching behaviour and they switch from one service provider to another in order to find their desired products and services (Peces et al., 2012). Indeed, attaining customer loyalty is not easy for the private commercial banks, where there is an evolving complexity of the competition within the banks and customers have the sufficient options to pick their desired services up.

Therefore, the need for being customer-oriented has ever been more momentous for private commercial banks in the concurrent challenging environment. As competition is intensifying, private commercial banks are realizing the significance of being customer-centred than ever before as customers are at the core of their survival. The accelerating pace at which competition only gave rise to more and more selective and demanding customers (Uddin & Akhter, 2012). Certainly, the greatest challenge for the private commercial bank would be to compete in an industry that has encountered significant development and growth. As bankers are battling over the same customers, there is no guarantee that customers being loyal to a particular private commercial bank today will be the same in the next day. In such a situation, it is not only necessary for private commercial banks to draw in new customers, but also it is more vital to keep their existing customers. Given the current scenario of private commercial banks operating in Bangladesh, it has become imperative for them to follow a customer-oriented strategy through re-examining their existing strategies and designing more effective strategies in order to retain their current customers as well as entice new ones.

Achieving customer satisfaction and loyalty has become a crucial concern for commercial banks that facilitate to fulfil their core business goals and confirm development and sustainability in an immense competitive climate (Akroush & Mahadin, 2019). But, when it comes to attainment of customer loyalty, the importance of satisfaction has been emphasized as it is prerequisite for ensuring customer loyalty (Uddin, 2019; Oral & Kara, 2014). In order to maintain their presence through enhancing customer loyalty, it is of utmost necessary for private commercial banks to continuously satisfy the dynamic and changing demands and expectations of customers. However, taking the discussion further, it is stalwartly noticeable that satisfaction is not the only guarantee of loyalty; it is also necessary to look beyond satisfaction to secure loyalty (Guniya, 2017). In order to retain customers in the long run, it is important to ensure that they are satisfied with the products and services provided.

Besides, the significance of assuring customer loyalty through delivering a superior quality of service cannot be overlooked (Dubey & Srivastava, 2016). Service quality is undeniably a crucial factor when it comes to the development of customer loyalty through enhancing satisfaction (Minh & Huu, 2016). Despite many fundamental banking reformations, private commercial banks are operating in deficient number intending perspectives such as variation of product quality, sufficient assortment of capitalization, technological advancement, a wider overseas network (Rahman, 2016). Banks' service quality is measured with specialized

tools by considering various interrogations e.g., customer queries, grievances, customer interaction and dealings with transactions which are insufficient in Bangladeshi private commercial banks, even though the banks are nowadays modernized a bit with technologies and skilled personnel (Zahid & Islam, 2008; Karim & Chowdhury, 2014). Moreover, during the year from 2011 to 2016, Bangladesh Bank has received 22,971 complaints where 60.40% in total were from private commercial banks through Financial Integrity Customer Service Department (FICSD). Most of the complaints were related to insufficient attention to customers from managers and inappropriate management apprehension to their valued customers (Bangladesh Bank, 2017).

Furthermore, customer perceived value has become a crucial role in competitive advantages for companies across the globe (Nasser et al., 2012). It has been found to be one of the greatest enticing elements of customer retention (Yang & Peterson, 2004). Several recent studies have disclosed that customer retention and maintenance is the key to banks' goal of profit maximization and can be attained by linking monetary or functional value along with social and emotional values together which have drawn attention to ensure better value perception to the customers of a bank (Farida, & Ardyan, 2018; Ivanauskienė et al., 2012). Banks can seclude themselves from their competitors through offering a comprehensive nature of value to modern day customers who are in a continuous search of value (Auka, 2016; Khan, 2010). However, researchers have identified that private commercial banks in Bangladesh do not show eagerness in offering social and emotional value to their customers (Siddiqi, 2011a). Thus, because of Bangladeshi private commercial banks' main concern on customers functional value instead of emotional and social value, they gradually lose their existing customers' attention in this highly competitive market.

In light of the above discussion, it can be seen that bank service quality, perceived value and customer satisfaction are indispensable for building and developing customer loyalty. Therefore, it is important for the banks to take all these aspects of loyalty into consideration in order to retain their clients. There exists a clear gap in literatures, as the scholars glided to consider the significant role of perceived value and service quality in attaining customer satisfaction and loyalty and have not examined thoroughly in terms of building customer satisfaction and loyalty in private commercial banks. There can hardly found any research work that has simultaneously considered the impact of multidimensional perspective of service quality and perceived value of customer satisfaction and loyalty that reflects in a single model. Hence, quality of service, perceived value, and consumer satisfaction should be taken into account in order to improve customer loyalty; otherwise the goal of private commercial banks would remain unfulfilled.

Significance of Research on Banking Customers

To survive the fierce competition companies continually strive to follow strategies that help grow their customer base. As Bangladesh banking sector is a home to a huge number of bank companies engaged in fierce competition for occupying greater share of the market, requiring them to follow several strategies to produce the customers' satisfaction. Generating customer loyalty is one of the strategic choices, and customer loyalty is the product of customer satisfaction based on how the customer perceives the quality of the services they are provided with and consequently how it can help create in them the perceived value for the services. However, this section attempts to delineate the significance of the current study in terms of its practical, economic and theoretical significances, which have been presented below.

Attaining customer loyalty certainly requires companies to face various challenging circumstances in a dynamic corporate environment. There is a continual need for setting marketing strategies that will enable companies to boost customer loyalty. The findings of the current study will help uplift customer loyalty through raising customer satisfaction based on

improved service quality and perceived value of the customers for services provided by the banks. Therefore, the quality of services and the resultant perceived value for services influencing the customer satisfaction level, which is producing eventually the customer loyalty remains as a major concern for both the organisations and researchers. In accordance with this view, it is anticipated that the framework of the present study will be helpful for the banking sector, especially for the private commercial banks in Bangladesh. The outcomes of the present work will directly facilitate the formulation of better decisions and development of marketing plans for the banks. The outcomes of the study will provide the management of private commercial banks with valuable insights and knowledge for crafting appropriate strategies to maintain competitiveness in their market settings. It will also help the banking service providers to have a better understanding of the factors affecting customers' buying intention and retention of customers. Apart from these, the findings of the study will enable the managers to recognize the key elements responsible for creating loyal behaviour of the banks' clients.

With an intention to recognize the factors that may influence consumer loyalty, this review study seeks to examine several numbers of contributions these factors make to the concept of customer loyalty for its better understanding by developing a structure that directs the paths to creating customer loyalty. The framework which to be proposed and used has been developed by extracting and combining information or ideas from different other related theories, namely theory of loyalty, satisfaction theory, S-O-R model, the theory of social exchange and the theory of expectation disconfirmation. Based on theoretical interpretation, this research strives to expand the level of knowledge through a definitive model by measuring concurrent impact of service quality besides perceived value on consumer satisfaction and customer loyalty. The importance of the current study can also be attached to understanding of the constructs such as service quality and perceived value which are offered by banks under study, and recognizing the various dimensions making up the service quality and perceived value, emphasizing the relationship between the constructs and the customer satisfaction and customer loyalty. The newly developed conceptual framework is one of the significant products of this study showing the path for building awareness about customer loyalty among bankers and scholars in the field.

The private commercial banks have been playing an important role in Bangladeshi financial service industry and have been contributing substantially to the growth of the banking sector as well as to the economy. The private commercial banks under study are experiencing attrition in its profitability, and thereby putting their existence at risk because of the presence of too many companies in its industry. In order to get rid of such risk they will have to play a prudent intermediary role in enhancing the economic growth of Bangladesh, and the current study outcomes will obviously help the companies under study sustain or restore their profitability. The outcomes of the study acknowledging the components that are essential for generating customer loyalty will enable private commercial banks to come up with appropriate strategies for maintaining their sustainability and allowing them to create employment opportunities, offer superior and efficient banking facilities to the citizens and ensure a much better living standard for local communities, and thereby facilitating the socio-economic development of the nation.

Conclusion

In order for accomplishing the vision of 2041 set by the Government of Bangladesh aiming at achieving the development indices equivalent to that of developed countries' (Husain & Kamruzzaman, 2020), Bangladesh will need a safe and sound banking system and the current study will serve as the precursor to the attainment of the goals of vision 2041. It is imperative to mention here that the current paper attempted to reinforce the importance of banks' service

quality and perceived value as the antecedents to make the customers loyal by the private commercial banks in a country like Bangladesh.

References

- Ahmed, F. (2005). Financial sector reform in Bangladesh: developments and challenges, *The New Nations*, March 28, 3-4.
- Ahmed, R., Yousuf, M., & Lubna, N. A. (2019). Banking sector development and economic growth in Bangladesh: an empirical analysis. *Canadian Journal of Researcher's Society*, 9(01), 11-25.
- Ahmed, S., Al Asheq, A., Ahmed, E., Chowdhury, U. Y., Sufi, T., & Mostofa, M. G. (2022). The intricate relationships of consumers' loyalty and their perceptions of service quality, price and satisfaction in restaurant service. *The TQM Journal*.
- Al-Azzam, A. F. M. (2015). The impact of service quality dimensions on customer satisfaction: A field study of Arab bank in Irbid city, Jordan. *European Journal of Business and Management*, 7(15), 45-53.
- Ali, S. A., & Howlader, R. A. (2005). *Banking Law and Practice* (1st edn.), Dhaka.
- Anusara, J., Rasel, M., Sultana, A., Chanthamith, B., Kabir, M. H., & Hasan, M. A. (2019). Comparative Study on Human Resource Management Practices in Banking Sector. *American Journal of Marketing Research*, 5(3), 36-41.
- Anwar, S., Min, L., & Dastagir, G. (2019). Effect of Service Quality, Brand Image, Perceived Value on Customer Satisfaction and Loyalty in the Chinese Banking Industry. *International Journal of Business, Economics and Management Works*, 6(3), 24-30.
- Arif, M. S. B. M., Fen, H. S., & Ismail, K. (2012). Relationship Between Customers' Perceived Values, Satisfaction and Loyalty of Mobile Phone Users. *Review of Integrative Business and Economics Research*, 1(1), 126.
- Ashaduzzaman, M., Khan, M. M., & Farhana, S. (2012). User Satisfaction Review of Private Commercial Banks in Bangladesh. *South Asian Journal. of Commerce and Management*, 2(3), 1-16.
- Bangladesh Bank (2017). *Annual report of Financial Integrity and Customer Services Department (FICSD) at 2016-2017*. At available <https://www.bb.org.bd> > *complainbox* > *cipc_procedure* (accessed December 29, 2019).
- Bangladesh Bank (2018). *Bangladesh Bank statistics*. available at: www.bangladesh-bank.org/ (accessed November 01, 2019).
- Bangladesh Bank (2019). *Bangladesh Bank statistics*. available at: www.bangladesh-bank.org/ (accessed October 30, 2019).
- Bangladesh Bank (2020). *Bangladesh Bank statistics*. available at: www.bangladesh-bank.org/ (accessed January 25, 2021).
- Bangladesh Economic review (2015). Available on the internet at www.mof.gov.bd.
- Chahal, H., & Kumari, N. (2012). Consumer perceived value: The development of a multiple item scale in hospitals in the Indian context. *International Journal of Pharmaceutical and Healthcare Marketing*, 6(2), 167-190.
- Famiyeh, S., Asante-Darko, D., & Kwarteng, A. (2018). Service quality, customer satisfaction, and loyalty in the banking sector. *International Journal of Quality & Reliability Management*, 35(8), 1546-1567.
- Famiyeh, S., Kwarteng, A., & Asante-Darko, D. (2018a). Service quality, customer satisfaction and loyalty in automobile maintenance services. *Journal of Quality in Maintenance Engineering*, 24(3), 262-279.
- Garepasha, A., Aali, S., Zende, A. R. B., & Iranzadeh, S. (2021). Relationship dynamics in customer loyalty to online banking services. *Journal of Islamic Marketing*, 12(4), 830-863.

- Garepasha, A., Aali, S., Zendeh, A. R. B., & Iranzadeh, S. (2021). Relationship dynamics in customer loyalty to online banking services. *Journal of Islamic Marketing*, 12(4), 830-863.
- Guisse, M. L. (2012). Financial Performance of the Malaysian Banking Industry: Domestic vs Foreign Banks. Institute of Graduate Studies and Research.
- Haron, R., Subar, N. A., & Ibrahim, K. (2020). Service quality of Islamic banks: satisfaction, loyalty and the mediating role of trust. *Islamic Economic Studies*, 28(1), 3-23.
- Hasan, H., Kiong, T. P., & Ainuddin, R. A. (2014). Effects of perceived value and trust on customer loyalty towards foreign banks in Sabah, Malaysia. *Global Journal of Emerging Trends in e-Business, Marketing and Consumer Psychology*, 1(2), 137-154.
- Hasan, M. (2019). Relationship Marketing and Customer Loyalty: Experience from Banking Industry of Bangladesh. *Journal of Organisational Studies and Innovation*, 6(1), 18-32.
- Hasan, S., & Baten, A. (2005). Performance of nationalized and private commercial Banks in Bangladesh. *Journal of Applied Sciences*, 5(10), 1814-1818.
- Hasiri, S. M. A. & Afghani, M. (2016). Investigation of the factors affective on the loyalty of customers in banking industry in the framework of the model of personality characteristics of personnel (case study: Sepah Bank in Mazandaran Province). *Procedia Economics and Finance*, 36, 490-501.
- Ho, C. T. B., & Lin, W. C. (2010). Measuring the service quality of internet banking: scale development and validation. *European Business Review*, 22(1), 5-24.
- Islam, M. A., Siddiqui, M. H., & Islam, M. R. (2014). Growth of private commercial banks in Bangladesh. *International Journal of Economics, Finance and Management Sciences*, 2(1), 53-67.
- Islam, R., Ahmed, S., Rahman, M., & Al Asheq, A. (2021). Determinants of service quality and its effect on customer satisfaction and loyalty: an empirical study of private banking sector. *The TQM Journal*, 33 (6), 1163-1182
- Islam, S., & Ali, M. B. (2011). Measuring service quality of banks: an empirical study. *Research Journal of Finance and Accounting*, 2(4), 74-85.
- Islam, S., & Niaz, A. (2014). Analysis of service quality and satisfaction level of customers in banking sector of Bangladesh. *British journal of marketing Studies*, 2(7), 14-28.
- Ivanauskienė, N., Auruškevičienė, V., Škudienė, V., & Nedzinskas, Š. (2012). Customer perceptions of value: Case of retail banking. *Organizations and markets in emerging economies*, 3, 75-88.
- Jain, S.K. & Jain, S. (2015). Service Quality, Customer Satisfaction and Mediating Role of Perceived Value in Banks: An Investigation Based on Structural Equation Modeling Approach, *Indraprastha Journal of Management*, 3(1), 7-23.
- Kant, R., & Jaiswal, D. (2017). The impact of perceived service quality dimensions on customer satisfaction: an empirical study on public sector banks in India. *International Journal of Bank Marketing*, 35(3), 411-430.
- Kant, R., Jaiswal, D., & Mishra, S. (2019). A Model of Customer Loyalty: An Empirical Study of Indian Retail Banking Customer. *Global Business Review*, 20(5), 1248-1266.
- Karim, M. M., & Mahmud, M. A. L. (2018). Customer Satisfaction in Banking Sector: A Case Study on Janata Bank Limited, *Noble International Journal of Business and Management Research*, 2(11), 90-100.
- Karim, R., & Chowdhury, A. T. (2014). Customer satisfaction on service quality in private commercial banking sector in Bangladesh. *British Journal of Marketing Studies*, 2(2), 1-11.
- Khorshidi, G., Naghash, A. & Mohammadian, M. (2014). Assessment and analysis of service quality based on hierarchical service quality model in agricultural bank, *Quarterly Journal of Economic Research*, 14(1), 151-168.

- Köksal, Y., & Dema, O. (2014). An Investigation of the Essential Factors on Customer Loyalty in Banking Sector: A Case of Albanian Retail Bank. *Journal of Management & Economics*, 21(1), 357-368.
- Minta, Y. (2018). Link between Satisfaction and Customer Loyalty in the Insurance Industry: Moderating Effect of Trust and Commitment, *Journal of Marketing Management*, 6 (2), 25-33.
- Ofori, K. S., Boakye, K., & Narteh, B. (2018). Factors influencing consumer loyalty towards 3G mobile data service providers: evidence from Ghana. *Total Quality Management & Business Excellence*, 29(5-6), 580-598.
- Ofori, K.S., Boateng, H., Okoe, A.F. and Gvozdanovic, I. (2017). Examining customers' continuance intentions towards internet banking usage. *Marketing Intelligence and Planning*, 35(6), e4756-773.
- Osman, Z., Mohamad, L., & Mohamad, R. (2015). An empirical study of direct relationship of service quality, customer satisfaction and bank image on customer loyalty in Malaysian commercial banking industry. *American Journal of Economics*, 5(2), 168-176.
- Özkan, P., Süer, S., Keser, İ. K., & Kocakoç, İ. D. (2019). The effect of service quality and customer satisfaction on customer loyalty. *International Journal of Bank Marketing*, 38(2), 384-405.
- Rahman, H. (2013). Customer satisfaction and loyalty: a case study from the banking sector. *Central European Business Review*, 2(4), 15-23.
- Rahman, M. M., Abdul, M., Ali, N. A., Uddin, M. J., & Rahman, M. S. (2017). Employees' Retention Strategy on Quality of Work Life (QWL) Dimensions of Private Commercial Banks in Bangladesh. *Pertanika Journal of Social Sciences & Humanities*, 25(2), 647-662.
- Rahman, W. (2016). Customer satisfaction towards private and public commercial banks in Bangladesh. *Dhaka University Journal of Marketing*, 16(2), 227-246.
- Rayhan, S. J., Ahmed, S. S., & Mondal, R. K. (2011). Performance evaluation and competitive analysis of state-owned commercial banks in Bangladesh. *Research Journal of Finance and Accounting*, 2 (3), 99-113.
- Repon, A. H., & Islam, Z. (2016). Competition and Concentration in Bangladeshi Banking Sector. *International Journal of Finance & Banking Studies*, 5(1), 16-29.
- Sahoo, D., & Telang, A. (2019). Exploring the Value Dimensions and Their Impact on Customer Loyalty in Indian Banking Services. *Theoretical Economics Letters*, 9(6), 1938-1954.
- Sarker, A. S. (2017). Human resource management practices and employee performance in banking sector of Bangladesh. *Journal of Human Resource Management*, 20(1), 68-80.
- Sarker, A. S., & Borhan, U. (2013). Influence of service quality on customer satisfaction in retail banking: A study on some private commercial banks in Bangladesh. *Green University Review*, 4(1), 68-77.
- Shayestehfar, R., & Yazdani, B. (2019). Bank service quality: A comparison of service quality between BSI branches in Isfahan and Dubai. *The TQM Journal*.31(1), 28-51.
- Siddique, M. M., Pandit, A. C., Amin, M. R., & Alam, M. J. (2016). Organizational Structure in Managing Risks of Banks: Progress and Challenges, *Banking Research Series 2015, BIBM*, 57-83.
- Sultana, N., & Akter, A. (2017). Factors influencing the sustainability of private commercial banks in Bangladesh. *Ideal Journal of Economics and Management Sciences*, 3(1) 9-15.

- Tabrani, M., Amin, M., & Nizam, A. (2018). Trust, commitment, customer intimacy and customer loyalty in Islamic banking relationships. *International Journal of Bank Marketing*, 36(5), 823-848.
- Teker, S., Teker, D., & Kent, O. (2011). Measuring commercial banks' performances in Turkey: A proposed model. *Journal of Applied Finance and Banking*, 1(3), 97-112.
- Uddin, M. S., & Aktar, S. (2021). Impact of Relationship Marketing Practices on Customer Satisfaction: A Study on Selected Private Commercial Banks of Bangladesh. *The Chittagong University Journal of Business Administration*, 33, 207 – 230.
- Uddin, M., & Bristy, J. (2014). Evaluation of Some Private Commercial Banks in Bangladesh from Performance Perspectives. *International Journal of Managing Value and Supply Chains*, 5(4), 1-17.