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Research Paper

Relationship Marketing and Customer Loyalty: Customer Satisfaction as a Mediator in Ethiopian Banks.

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ABSTRACT

This study examined the effect of relationship marketing variables, trust, commitment, conflict handling, communication, and competence, on customer loyalty, while also exploring the mediating role of customer satisfaction. Utilizing an explanatory research design, the research employs a quantitative approach through a structured survey distributed to 399 commercial bank customers, with 327 questionnaires filled valid for analysis. Structural equation modeling was applied to evaluate the direct effects of relationship marketing on customer loyalty and the mediating influence of customer satisfaction. Path analyses were conducted with AMOS, employing bootstrapping techniques to assess mediation effects. Results indicated that trust, conflict handling, and communication significantly influence customer loyalty, while commitment shows no significant effect. Trust, commitment, and competence positively affect customer satisfaction; however, conflict handling and communication do not. Notably, customer satisfaction is positively correlated with customer loyalty, with bootstrapping analysis revealing that customer satisfaction partially mediates the relationship between relationship marketing and loyalty, excluding communication. The findings suggested that bank service providers should prioritize relationship marketing strategies and customer satisfaction to enhance loyalty. By devoting to attracting new customers and retaining existing ones, banks can foster stronger customer relationships and achieve sustained loyalty. This study provides critical insights for banks in developing economies, demonstrating how targeted relationship marketing strategies could foster loyalty in competitive markets.

Keywords: Trust, commitment, conflict handling, communication, competence, customer satisfaction, customer loyalty, banking, Ethiopia

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1. INTRODUCTION

The existence of any organization is fundamentally tied to its customers, who are the primary source of revenue for profit-driven companies and essential stakeholders for non-profit organizations. As such, customers are often regarded as the backbone and lifeline of businesses, underscoring the adage, "without customers, there is no business." In today's highly competitive marketplace, organizations must prioritize the cultivation of strong relationships with their customers through effective relationship marketing (RM) strategies (Keller & Kotler, 2012).

Relationship marketing, a term first coined by Berry in 1983, is defined as the process of attracting, sustaining, and retaining customers through mutual exchanges and the fulfillment of promises. Berry emphasized the importance of creating long-term relationships that benefit both the organization and its customers, suggesting that successful RM involves an integrated effort to identify, maintain, and enhance relationships with individual customers (Berry, 1983). This approach recognizes that marketing is not merely about transactions but about building lasting connections that foster loyalty and satisfaction (Puma, 2019).

In the banking sector, where services are often perceived as homogeneous, the significance of relationship marketing becomes even more pronounced. According to Caroline and Elizabeth (2014), banks must adopt RM strategies that focus on retaining existing customers rather than solely attracting new ones. The competitive nature of the financial market compels banks to differentiate themselves through superior customer service and relationship-building initiatives. Effective RM can lead to enhanced customer satisfaction, loyalty, and ultimately, increased profitability while reducing the costs associated with customer defection (Kotler & Keller, 2012).

Despite its recognized importance, the field of relationship marketing continues to present challenges, particularly regarding the varying impacts of its dimensions on customer loyalty. Numerous studies have explored the relationship between RM components such as trust, commitment, and conflict handling and customer loyalty, yielding inconsistent findings (Husnain & Akhtar, 2016; Nezari et al., 2016; Anabila et al., 2015). These discrepancies highlight the need for further research to clarify the effects of RM practices on customer loyalty, particularly in the context of developing markets like Ethiopia. In Ethiopia, the banking industry is experiencing significant growth and competition, yet there is a notable lack of comprehensive research on the application and effectiveness of relationship marketing strategies (Musefa, 2021). Many banks struggle with high customer turnover and dissatisfaction, exacerbated by service quality issues and insufficient focus on RM (Assegaff & Pranoto, 2020). Consequently, there is a pressing need to investigate how relationship marketing can enhance customer satisfaction and loyalty. The Ethiopian banking sector is experiencing rapid growth and transformation, characterized by increasing competition and shifting customer expectations (Musefa, 2021). Within this unique and under-researched context, understanding the drivers of sustainable customer relationships is paramount. Consequently, there is a pressing need to investigate how relationship marketing can enhance customer satisfaction and loyalty. Therefore, this study aims to fill this gap by empirically examining the direct effects of trust, commitment, and conflict handling on customer loyalty, and by investigating the mediating role of customer satisfaction in these relationships within selected commercial banks in Woldia District, Ethiopia.

2. LITERATURE REVIEW

2.1 Theoretical foundation: the commitment-trust theory

This study is anchored in the Commitment-Trust Theory of Relationship Marketing, proposed by Morgan and Hunt (1994). This seminal theory posits that commitment and trust are the "key mediating variables" that foster cooperative behaviors, reduce the propensity to leave, and ultimately achieve relationship marketing success. They are considered central because they encourage marketers to work at preserving relationship investments by cooperating with partners, resisting attractive short-term alternatives in favor of expected long-term benefits, and viewing potentially high-risk actions as prudent. While this theory provides a robust foundation, recent research suggests the model can be extended by incorporating other critical relational constructs. This study builds upon and extends Morgan and Hunt's work by integrating conflict handling as a key antecedent and by empirically testing customer satisfaction as a critical mediating mechanism between these relational drivers (trust, commitment, conflict handling) and the outcome of customer loyalty.

2.2 Relationship marketing dimensions

Researchers divide different mechanisms of customer relationship marketing into internal and external programs (Ghafari et al., 2011). According to them, internal programs emphasize organizational structure, culture, and knowledge management, while external programs include interactive activities with customers. CRM practices measured in this study are trust, commitment, conflict handling, and customer satisfaction.

2.3 Trust

Trust is defined as a belief or conviction about the other party's intentions within the relationship (Taleghani et al., 2011). The components of confidence and reliability from both parties are important in building trust, and this notion is a key component of successful relationships (Berry, 1995; Ha et al., 2016). Similarly, Jarvinen (2014) defines trust as based on a consumer's experience, feeling of confidence, and security in the ability of banks to behave honestly and commit to rules and regulations. Additionally, banks must fulfill their promises and be genuine in their commitment to developing trusting relationships with their customers. Building a relationship between the customer and the bank heavily depends on trust. According to Alnsour (2013), trust is produced by privacy and confidentiality. The bank is willing to maintain the privacy of the customer's information.

According to Brice et al. (2016), trust encourages long-term relationships and reduces transaction costs. According to research by Olayinka and Odunlami (2018), trust refers to customers' expression of confidence in a company's ability to deliver goods and services that are precise, trustworthy, appropriate, valuable, and able to meet their requirements and expectations. According to Brown et al. (2019), a relationship is established when both parties trust each other. Al Abdulrazak and Gbadamosi (2017) also mentioned that trust was a crucial factor in building relationships with customers. It is defined as an individual's belief in the credibility of others that can be determined by their competence, integrity, and goodwill (Agyei et al., 2020).

Iglesias et al. (2020) stated that trust is a key element that promotes customer loyalty. He emphasized that mutual trust between the parties is essential for a transaction to be successful. Both parties involved must be able to trust one another for a transaction to be successful. Both parties in this relationship share information and work together to resolve problems. In this study, the trust variable is measured by factors such as bank security in transactions, bank service quality, reliability promises of the bank, staff behavior towards clients, and the bank's commitment to its customers.

2.4 Commitment

Another crucial factor in determining a marketing relationship's strength is commitment, which is also a helpful construct for estimating customer loyalty and forecasting future purchase frequency

(Morgan and Hunt, 1994). These authors defined commitment as an enduring desire to maintain a valued relationship. This implies a higher level of obligation to make a relationship succeed and to make it mutually satisfying and beneficial. They also suggested that when commitment is higher among individuals who believe that they receive more value from a relationship, highly committed customers should be willing to respond on behalf of a firm due to past benefits received, and highly committed firms will continue to enjoy the benefits of such reciprocity. Furthermore, committed customers are resistant to competitors' attempts to persuade them and are likely to be willing to extend their business with the brand and to evolve their relationship with the brand over a period of time (Rowley, 2005). Clearly, every business would wish to convert as large a proportion as possible of its customers into committed loyalists. They are the true loyal, add value to the brand, and are almost as eager to continue the relationship with the seller as the seller is to continue the relationship with them. Both sides recognize the mutual benefits of the relationship in minimizing risk.

According to Ojiaku et al. (2017), relationship commitment is at the core of all successful working relationships, and it is a vital ingredient in successful long-term relationships. The high level of perceived stakes carried by parties in an exchange relationship necessitates the need to continue such a relationship, which is referred to as commitment. A study by Amoako et al. (2019) found that commitment is a prerequisite for customers' loyalty. He revealed that fully committed customers have an unusually positive perception of their relationship with a company and a continuous intention to stay in the relationship, demonstrating the crucial role that commitment plays in customer loyalty. Yao et al. (2019) suggest that people will be more committed to a relationship if they see it as useful and worthwhile. This recognition is analogous to the relationship that exists between a company and its customers, and it results in the customer having a favorable impression of the company. As a result, there is a strong bond and a constant desire to be linked with a specific business.

In banking, commitment has been shown to reduce the likelihood of switching and to contribute to behavioral loyalty (Frow, 2007). Commitment is a critical issue in building customer loyalty; in identifying customers' needs; modifying products or services to meet customers' requirements; and also, the existence of flexibility in customer relationships is essential to improve the service delivery system (Ndubisi, 2007). He also indicated that banks should recognize the influence of service commitment in keeping loyal customers and act accordingly.

2.5 Conflict handling

Dwyer (1987) defined conflict handling as the ability of each supplier to minimize the negative consequences of manifest and potential conflicts. Conflict handling reflects the supplier's ability to avoid any potential conflict, solve that particular conflict before it creates problems, and discuss the solution openly when the problem arises. A study by Naumann et al. (2020) showed that customer relationships are substantially affected by conflict handling. Cheng et al. (2019) noted that the proper handling of customer complaints shows the desire to prioritize the customer’s interests and ultimately improve customer satisfaction, thus increasing customer engagement. A bank can reduce the negative consequences of a potential conflict that may occur as a result of a negative client experience with the bank. Complaints can arise if the clients are dissatisfied with the management of the issue, such as delays in solving the issue and a lack of communication between the service provider and the customer. Therefore, it is obvious that businesses should have a plan for resolving disputes in order to keep clients (Shooshtari et al., 2018). They suggested that effective conflict handling can have a dramatic impact on customer retention rates, redirect the spread of damaging word of mouth, and improve end-result performance. Effective resolution of customer problems and relationship marketing are closely linked in terms of their mutual interest in customer satisfaction, trust, and commitment.

2.6 Customer loyalty

Oliver (1999) Customer loyalty is defined as a deeply held commitment to re-buy or re-patronize a preferred product or service in the future, despite. Lenin Kumar (2017) defined customer loyalty as the promise of buyers to purchase certain products, services, and brands from an organization for a constant period of time, regardless of new products and innovations from competitors, but loyal customers are not forced to leave.

Customer loyalty is recognized as an important focus for the success of many organizations since the process of winning the customer is one of the processes that face changes in the behavior of customers and their desire to achieve the quality of service required and identified by the customer (Al-Hawary & Harahsheh, 2014; Al-Hawary & Hussien, 2016). It is the result of developing past positive experiences with an individual and having that person return to you various times due to these experiences.

The secret to successfully winning, retaining, and developing the profitability of a banking business in the service industry, particularly in the banking industry, is to understand the customers' needs and wants from the service (Kotler 2006). Loyal customers benefit an organization in various ways. Low acquisition costs that are non-recurring, which means they occur only once. The longer the customer stays with the business, the more they will be inclined to spend to trade up for enhanced products or services

According to Lacey (2009), customers are vital sources of future revenue streams and marketing intelligence for the firm, and loyal customers are willing to share insight about their needs, allowing firms to tailor products, pricing, distribution channels, and marketing communications to meet their needs. Personal referrals, sharing personal information, participating in firm-sponsored marketing research activities, providing complaint feedback, being more open to firm promotions, and increasing purchasing activities, according to this author, are all examples of relational outcomes that contribute to a more efficient and effective marketing enterprise. This author also indicated that relational outcomes reflect the combination of marketing resources that contribute to a more efficient and effective marketing enterprise, including personal referrals, sharing personal information, engaging in firm-sponsored marketing research activities, providing complaint feedback, being more open to firm promotions, and increasing purchasing activities.

2.7 Relationship Marketing and Customer Loyalty

Relationship marketing is a new paradigm shift in marketing theory and practice used in a number of industries, such as in the service industry to acquire and retain customers and, most importantly, to make and maintain client relationships and loyalty (Gronroos, 2004). In today's market, customers have a wide range of product providers. This means that Customers therefore have a lower level of tolerance and a higher rate of prospect. The requirement for relationship marketing is a result of these and other significant reasons, such as fierce competition and undifferentiated products. A number of authors like Yavas et al (2004), Lang and Colgate (2003), and Jamal and Naser (2002) have investigated the imperatives of relationship marketing in the financial/banking sector.

The goal of relationship marketing is to satisfy the customer in such a manner that he becomes loyal to the company and is unlikely to switch to competitors (Baral & Bihari, 2009). Thus, loyalty leads them to remain with the organization. The primary goal of relationship marketing is to build and maintain a base of committed customers who are profitable for the organization. Relationship marketing recognizes that it is more profitable to retain and grow business with existing customers than to keep winning new ones and therefore has customer loyalty as its main objective. Companies are going all out to retain their customers.

2.8 Customer relationship marketing and customer satisfaction

Customer satisfaction is defined as "the degree to which a business's product or service performance matches up to the expectation, then the customer is satisfied, if performance is below par, then the customer is dissatisfied (Lombard, 2009). Ying et al. (2020) stated that customer satisfaction is directly tied to performance and is influenced by the customer's choices and expectations before, during, and after a transaction. Customer relationship marketing (CRM) is a set of customer-focused activities that an organization supports with its strategy and technology in order to improve customer relations, foster customer loyalty, and boost profits over time (Padmavathy, Balaji, & Sivakumar, 2012).

Satisfaction has been identified as the fundamental goal of marketing, since the core purpose of marketing is to satisfy customers. Customer satisfaction is a person's feeling of pleasure or disappointment arising from comparing the perceived performance of a product or service to their expectations (Ibrahim & Amatullah, 2018). Dissatisfaction arises when the result gained does not fulfill a customer's expectations. Customer satisfaction will influence his or her repurchase behavior of a service from the same service provider (Liang et al., 2018). According to Pemayun & Seminari (2020), customer satisfaction has a positive role in customer loyalty. But different from Tanisah & Maftukhah (2016), who found that customer satisfaction did not affect customer loyalty. Customer relationships influence customer satisfaction (Bukhari et al., 2019). Consumer satisfaction is a unique relationship that arises from the interaction of a series of discrete services or transactions, such as searching, buying, and continuing to use products on a platform or online vendor for a set length of time.

2.9 Customer satisfaction as a mediator between customer relationship marketing and customer loyalty.

They suggested that customer satisfaction has a mediating role between customer relationship marketing and customer loyalty. Rizwan et al. (2020) studied the mediating effect of customer satisfaction on the relationship between customer relationship marketing and customer loyalty. Research findings show that customer satisfaction plays a mediating role between CRM and customer loyalty. In another study done by Kadik and Made (2021), they investigated the role of customer satisfaction in mediating the effect of customer relationship management on customer loyalty at Ramayana Bali Department Store in Denpasar. The study shows that customer satisfaction has a direct, positive, and significant effect on customer loyalty; it also has a mediating role in the influence of customer relationship management on customer loyalty. A key goal of relationship marketing is to improve customer satisfaction. Research conducted by Lusiah & Noviantoro (2018) and Ibadi (2019) shows that relationship marketing has an influence on consumer satisfaction and that customer satisfaction has a mediating role in the relationship between CRM and customer loyalty

2.10 Construct definitions and hypothesis development

Trust and Customer Loyalty

Trust is widely recognized as the cornerstone of relationship marketing (Berry, 1995). It is defined as the confidence in an exchange partner's reliability and integrity (Morgan & Hunt, 1994). In the banking context, this translates to a customer's belief that the bank will act in their best interest, safeguard their assets, and provide accurate information. Previous research has established a strong link between trust and loyalty (e.g., Nguyen and Nguyen, 2019); however, findings on the *directness* and *strength* of this relationship are sometimes inconsistent, particularly across different cultural and economic environments like Ethiopia. We argue that in a developing market, trust is a fundamental prerequisite for loyalty.

H1: Trust has a positive and significant effect on customer loyalty.

Commitment and Customer Loyalty

Commitment refers to an enduring desire to maintain a valued relationship (Moorman, Zaltman, and Deshpandé, 1992). In commercial banking, this manifests as a customer's psychological attachment and long-term orientation towards their bank, beyond mere convenience. Committed customers are more likely to invest in the relationship themselves (e.g., by using more of the bank's services) and to advocate for the brand. This study posits that commitment is a direct predictor of a customer's intention to remain loyal.

H2: Commitment has a positive and significant effect on customer loyalty.

Conflict Handling and Customer Loyalty

Conflict handling is the process of resolving disputes, complaints, and service failures in a fair, effective, and timely manner (Palmatier et al., 2006). It is a critical, yet often overlooked, relational competency. A bank's ability to handle conflict well signals respect for the customer and a genuine commitment to the relationship's longevity, thereby preventing defection after a service failure.

We propose that proficient conflict handling not only resolves individual incidents but also actively strengthens the overall relational bond, directly influencing loyalty.
H3: Conflict handling has a positive and significant effect on customer loyalty.

The Mediating Role of Customer Satisfaction

Customer satisfaction is an affective state resulting from the overall evaluation of a product or service experience (Oliver, 1980). While trust, commitment, and conflict handling are relational constructs, satisfaction is the cumulative emotional outcome of these interactions. Literature suggests that relational investments like trust and commitment often *work through* satisfaction to influence loyalty (Rizwan et al., 2020; Kadik and Made, 2021). In other words, a bank's trustworthy actions or effective resolution of a problem first generates a feeling of satisfaction in the customer, which in turn cements their loyalty. Therefore, this study argues that customer satisfaction is not just an outcome but a vital psychological mechanism that mediates the relationship between key relational drivers and loyalty.

H4: Customer satisfaction mediates the relationship between trust and customer loyalty.
H5: Customer satisfaction mediates the relationship between commitment and customer loyalty.
H6: Customer satisfaction mediates the relationship between conflict handling and customer loyalty.

Figure 1 presents the conceptual framework.

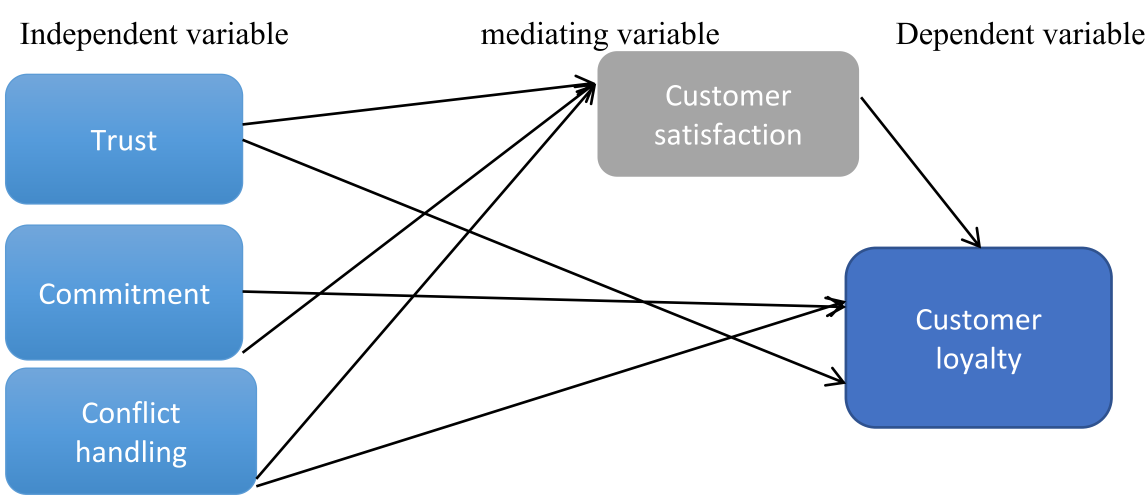

Figure 1. Conceptual Framework of the Research, Source (Abdulai et al., 2018)

3. METHODS AND MATERIALS

The study utilized an explanatory research design to examine the impact of specific relationship marketing variables, namely, trust, commitment, conflict handling, communication, and competence, on customer loyalty. A further objective was to identify whether customer satisfaction mediates this relationship. The study's target population consisted of customers from selected commercial banks operating in the Woldia District, specifically the Commercial Bank of Ethiopia, Buna International Bank, and the Bank of Abyssinia. For sampling, simple random sampling was used to select the banks, ensuring an unbiased and representative sample, while convenience sampling was utilized to choose respondents, acknowledging that customers visit the banks at varying times based on their financial needs. This approach facilitated quick data collection from readily available participants (Zikmund, 2003). The study focused on account holders and loan customers, arriving at a sample size of 399 respondents calculated using Yamane's (1973) formula, with a 5% margin of error and a 95% confidence level from a population of 213,402. The proportional sample size from each stratum is calculated by using the following formula:

$$n = \frac{n' * Ni}{N}$$

Where: n= sample size for each branch, Ni= the total number of customers in each branch, N=the total number of customers in the selected Banks (3 Banks), n'= the total sample size for selected Banks. Accordingly, the table below shows the proportionate sampling for each main Bank branch based on the above given formula.

Table 1. Sample Quota presentation

S.N.	Name of the Selected Banks	Number of customer	Percentage	Sample proportion
1	Commercial banks of Ethiopia	138,746	65%	259
2	Bank of Abyssinia	46,991	21.8%	87
3	Buna international bank	27,665	13.%	53
Total		213, 402	100%	399

Source: Commercial banks in Woldia District, (2025) Data was primarily collected through a closed-ended questionnaire on a Likert scale, which was distributed in the banks' guest areas during service visits. Structural equation modeling (SEM) was employed for analysis, allowing for the simultaneous examination of the influence of predictor variables on multiple dependent variables, accounting for measurement error, and providing a comprehensive model assessment (Collier, 2020).

Reliability test

As can be seen in Table 2, the measurement model of customer loyalty requires internal consistency reliability between the indicator variables in composite reliability, and Cronbach's Alpha values are greater than 70% or 0.7. Therefore, the reliability of the item is reliable for path analysis. Composite reliability can be calculated as follows;

$$\text{Composite reliability} = \frac{(\sum standardize\ loading)^2}{(\sum standardize\ loading)^2 + (\sum ME)}$$

The composite reliability and Cronbach's alpha were used in this study to assess the internal consistency of the research instrument. The developed (Alpha) is a coefficient of reliability used to measure the internal consistency of a test or scale, and it results as a number between 0 and 1 (Hair et al., 2017).

Table 2. Reliability test

Indicators	Variable	Standard loading	Composite reliability	Cronbach's Alpha
T 5[1]		0.648	0.863	0.854
T4		0.818		
T3	Trust	0.751		
T2		0.773		
T1		0.737		
com5[2]		0.681		
com4	Commitment	0.751		
com3		0.739		
com2		0.79	0.86	0.858
com1		0.736		
coha5		0.718	0.834	0.845

[1] T=trust coha= conflict handling
[2] Com= commitment sat= satisfaction cl= loyalty

coha4	Conflict handling	0.776		
coha3		0.677		
coha2		0.749		
coha1		0.586		
sat5	Satisfaction	0.748	0.84	0.844
sat4		0.731		
sat3		0.62		
sat2		0.772		
sat1		0.691		
cl5		0.755	0.834	0.839
cl4	Loyalty	0.759		
cl3		0.721		
cl2		0.691		
cl1		0.748		

Source: AMOS result, (2025)

4. RESULTS

4.1 Response rate

The study provided 399 structured questionnaires to respondents to achieve the research objectives. From the total samples, 337 were returned. Of the returned or collected questionnaires, only 10 couldn't be used because of incompleteness. Thus, 327 questionnaires were used for the study, with a response rate of 82%.

4.2 Inferential Analysis

This section details the assessment of the measurement model, the evaluation of structural equation modeling (SEM) assumptions, and the presentation of model fit information.

Validity test

Convergent validity of the latent constructs was tested using confirmatory factor analysis (CFA) and average variance extracted (AVE) measures. It can be seen that the AVE values for all of the latent constructs exceed 0.5, which means that the latent variables are able to explain more than half of the variance of their indicators on average (Hair et al. 2014). Therefore, if the measurement model fit indices are low, there is no need to test the structural model.

The standard value of each coefficient in the measurement model is the factor loadings of the confirmatory factor analysis. This research measured convergent validity and discriminant validity in the measurement model of structural equation modeling. Moreover, Hair, Ringle, and Sarstedt (2016) also proposed that the outer loadings must assess the relationship between the items and their constructs. Each factor load should be higher than 0.50. Otherwise, the fit indices of the general model will be adversely affected.

Convergent validity of items

Therefore, Table 3 showed that all outer loading of the confirmatory factor analysis model and average variance extracted (AVE) are above the threshold of model fit, which is greater than 0.5. This implies that the internal consistency of the item is valid to conduct path analysis.

Table 3. Convergent validity analysis for variables

Indicators	Variables	Standard loading	Squared factor Loading (SFL)	Sum of the squared SFL	N. indicator	AVE	Square root AVE
T 5		0.65	0.419	2.794	5	0.559	0.747
T4		0.82	0.67				
T3		0.75	0.56				
T2	Trust	0.77	0.59				
T1		0.74	0.54				
com5		0.68	0.46		5	0.558	0.74023
com4	Commitment	0.75	0.56	2.739			
com3		0.74	0.55				
com2		0.79	0.62				
com1		0.74	0.54				
coha5	Conflict handling	0.72	0.52		5	0.514	0.717
coha4		0.77	0.60	2.57			
coha3		0.68	0.46				
coha2		0.75	0.56				
coha1		0.59	0.43				
sat5		0.78	0.559		5	0.510	0.714
sat4	Satisfaction	0.73	0.534	2.552			
sat3		0.62	0.384				
sat2		0.77	0.595				
sat1		0.69	0.477				
cl5		0.75	0.570		5	0.541	0.735
cl4	Loyalty	0.76	0.576	2.703			
cl3		0.72	0.576				
cl2		0.69	0.477				
cl1		0.74	0.554				

Source: AMOS result, (2025)

Discriminant validity measures of the items

Discriminant validity ensures that the items that measure a construct are unique in serving as indicators of the construct (Hair et al., 2014). It is indicated by the low correlation between the measure of interest and the measures of other constructs (Cheung & Lee, 2010). The AVE was used to assess the discriminant validity.

Table 4. Discriminant validity of variables

	Trust	Commitment	Conflict handling	Satisfaction	Loyality
Trust	**0.747**				
Commitment	0.44	**0.74**			
Conflict handling	0.69	0.369	**0.717**		
Satisfaction	0.71	0.56	0.627	**0.714**	
Loyalty	0.74	0.515	0.699	0.707	**0.735**

Source: AMOS result (2025)

Note: The diagonals represent the square root of the average variance extracted, while the other entries represent the correlation between each variable.

According to Table 4, the convergent validity of the items is above 0.5 of its average variance extracted, and the discriminant validity of the variable is valid because the diagonal squared AVE is greater than the correlation of the latent variables. This result also shows that there is no multicollinearity issue, as all correlations of variables are below 0.9 of the Absolute threshold.

4.3 Multivariate normality test

Similar to regression analysis, structural equation modeling has its own assumptions. The most crucial presumption of the maximum likelihood estimation approach utilized in structural equation modeling is the multivariate normal distribution. Based on Table 5, the skewness and kurtosis values are examined to determine whether the variables in the data set are normally distributed. These values are calculated in AMOS. In general, the packaged software calculates these values to be 0 as a base value. In this case, values between -3 and +3 are considered normal (Hair et al., 2017).

Table 5: Skewness and kurtosis of multivariate of normality of each item

Variable	Skewness	Kurtosis
cl1	-.039	-.515
cl 2	-.267	-.086
cl 3	-.243	-.647
cl 4	-.432	-.210
cl 5	-.525	-.583
sat1	-.298	-.056
sat 2	-.687	.262
sat 3	-.430	-.211
sat 4	-.379	-.621
sat 5	-.514	-.328
coha 1	-.077	-.604
coha 2	.133	-.736
coha 3	-.258	-.421
coha 4	.015	-1.017
coha 5	-.098	-.862
com1	-.360	-.099
com2	-.270	-.459
com3	-.072	-.618
com4	-.275	-.449
com5	-.461	-.074
trust1	-.320	-.092
trust2	-.461	.285
trust3	-.237	-.368
trust4	-.157	-.421
trust5	-.181	-.587

Source: AMOS Result, (2025)

4.4 Multicollinearity of the variables

In the structural equation model, it is assumed that there is no relationship between the independent variables. According to Field (2009), there are an endless number of coefficient combinations that would function equally well if there were perfect collinearity between the independent variables, making it impossible to generate a unique estimate of the regression coefficients. Tolerance values and inflation factor variance values are two methods for controlling multicollinearity (VIF). Any variable with a tolerance below 0.20 or a VIF above 10.0 would have a correlation with other variables of greater than 0.90, which would be a sign of a multicollinearity issue. Based on Table 6, in SEM multicollinearity issue can be measured through the variance inflation factor (VIF) for all the items were below the suggested threshold value of 0.9.

Table 6. Multicollinearity test of relationship marketing dimensions

Collinearity Statistics Variable	Tolerance	VIF
Trust	.276	1.94
Commitment	.621	1.29
Conflict handling	.431	1.61
Customer satisfaction	.548	1.92

Source: SPSS output, 2025

4.5 Goodness of fit in structural equation modeling

Criteria were established and used to examine whether the proposed models were compatible with the data or not. The criteria consisted of model fitting: the degree of freedom (DF) must be positive and $\chi 2$ value, which is insignificant is required ($p \geqslant 0.05$), and is above a conservative one is generated (Hair et al., 2013). According to table 7, the incremental fit is above 0.90, that is, the goodness of fit index (GFI), adjusted GFI (AGFI), the Tucker-Lewis Index (TLI), the minimum sample discrepancy function (CMIN) divided by the DF, and the comparative fit index (CFI), and the root mean square error of approximation (RMSEA) are the lowest. The following criteria presented models as well as critical values that have compatibility data.

Table 7. Goodness of fit for the Measurement Model

Goodness of fit index	Result of this study	Acceptable range	Conclusion	Source
CMIN/DF	2.03	≤ 3.0	Fit	Gefen (2000)
GFI	0. 870	⩾0.90	Close to fit	Bayram, 2013
AGFI	0.84	⩾0.80	Fit	Chau and Hu (2001)
TLI	0.91	⩾0.90	Fit	Gefen (2000)
CFI	0.92	⩾0.90	Fit	Bayram, 2013
RMSEA	0.63	≤0.80	Fit	Bayram, 2013

Source: AMOS result, (2025)

4.6 Path Analysis result customer relationship marketing variables

According to table 8, the path analysis was conducted to investigate the effect of customer relationship marketing on customer loyalty and also investigated the mediating role of customer satisfaction on the relationship between relationship marketing and customer loyalty in the banking sector in Woldia Town. Therefore, the following table depicts the result of R square of customer satisfaction and customer loyalty in the AMOS software output.

Table 8. Summary of Squared Multiple Correlations (R2) in the SEM context

Endogenous variables	Squared Multiple Correlations (R^2)
Customer satisfaction	0.604
Customer loyalty	0.774

Source: AMOS output, 2025

The path analysis of AMOS shows that the direct effect of relationship marketing on customer satisfaction is 0.604. According to the results of squared multiple correlation (R2), the predictors of satisfaction explain 60.7 percent of its variance. In other words, the mediating variable of customer satisfaction is explained by 60.7 percent in this model, and the remaining 39.3 percent of the variable is explained by the other variables. In addition to customer satisfaction, the value of squared multiple correlations (R2), the predictors of customer loyalty explain 77.4 percent of its variance. To put it another way, the error variance of customer loyalty is roughly 22.6 percent of the variance of customer loyalty itself. Moreover, 77.4 percent implies that the effect of relationship marketing variables used in the model explains the dependent variable of customer loyalty, and the remaining 22.6 percent implies that the variance in customer loyalty may be explained by other factors that were not included in the model and error. Therefore, the proposed independent variables (trust, commitment, and conflict handling) together are good explanatory variables of customer loyalty in the selected banking sector in Woldia District.

5. DISCUSSION

The effects of relationship marketing on customer loyalty are discussed in detail in this section, along with the relevance of each explanatory variable's findings in light of the results of the bellow path analysis. The debate also considers the study's findings in the context of earlier empirical data.

Numerous empirical analyses discuss how relationship marketing affects customer loyalty

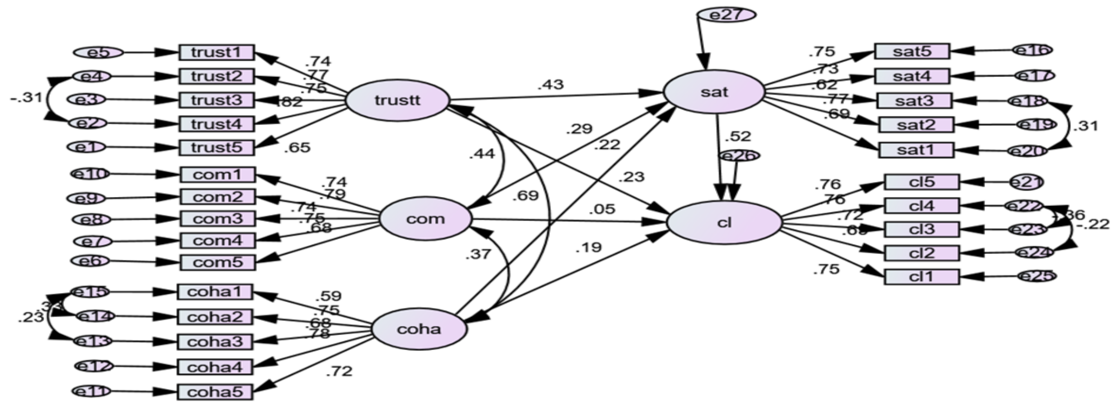

Figure 2. Structural model with factor loading and p-value of path analysis

Based on the empirical model proposed in this research, hypothesis testing was conducted using the path coefficients on SEM.

Table 9. Direct path relationship between relationship marketing variables

Path	Standardized Coefficient	C.R	p-value
Trust -> customer loyalty	0.23	3.2	0.01
Commitment -> customer loyalty	0.05	0.97	0.333
Conflict handling -> customer loyalty	0.19	2.9	0.003
satisfaction -> customer loyalty	0.52	6.4	0.00
trust -> satisfaction	0.43	5.1	0.000
commitment -> satisfaction	0.29	4.8	0.000
conflict handling -> satisfaction	0.22	2.8	0.005

Note; with, p<0.05, t-value >1.96

Source: AMOS result (2025)

5.1 The direct effects of relationship marketing on customer loyalty.

Depending on the above table 9, AMOS result the study was tested and supported the finding with previews empirical evidence about the effects of relationship marketing on customer loyalty. To build loyal relationships, companies must make certain sacrifices, which are designed to foster customer loyalty. Activities to build customer loyalty (keep and win customers) by providing value for all parties involved in the relational exchange. Ndubisi (2004) stated that has suggested that companies should make sacrifices and worthwhile investments in building relationships with loyal or at least potentially loyal customers. In the current study, the researcher applies a separate test for each hypothesis to gain fruitful insights and protect the results from the overlapping of performance. Thus, in the first step, the researcher checks the effect of CRM on customer loyalty, and then CRM effect on customer satisfaction and customer satisfaction effect on customer loyalty and finally the mediating effect of satisfaction between relationship marketing and loyalty recommended by Baron and Kenny (1986).

Ha1: Trust has a positive and significant effect on customer loyalty in the banking sector.

As can be seen from the result of path analysis table 9, the direct relationships between trust and customer loyalty are positive and significant at (β=0.23, and p=0.01). The β value of the trust variable shows that a one unit change in trust, keeping other things constant, has an effect of 0.23 on customer loyalty. This means when trust goes up by 1 unit, customer loyalty goes up by 23.3 percent. The ρ value is less than 0.05, which is significant. This implies that trust has a significant effect on customer loyalty in the banking sector in Woldia District. Customer perception of a firm's trustworthiness is valuable not only in terms of satisfying and in terms of retaining existing customers but also in attracting new customers through word of mouth marketing. This finding coincides with the findings of research conducted by Mihidze (2019) found that there is a significant positive influence between relationship marketing practices of trust, commitment, conflict handling, and communication on customer loyalty in Ghana telecommunication services. It also supported the research of Anggrahita (2018), which shows that relationship marketing variable like trust has an influence on consumer loyalty. Moreover, this result is also consistent with Bowden (2009) that trust affects customer loyalty. This finding supports the work of Adefarasin and Toludare (2018) and Nonye (2020), which suggests that customer care, communication, trust-building, and service quality had significant effects and associations with customer loyalty.

Ha2: Commitment has a positive and significant effect on customer loyalty in the banking sector.

The result of path analysis, which is shown in the above table, is that commitment has a positive relationship and statistically insignificant effect on customer loyalty at (β=0.05, p=0.33). The β

value of the commitment variable shows that a one-unit increase in commitment would increase customer loyalty by 0.05. The ρ value is greater than 0.05, which is 0.33, not significant. This implies that commitment has an insignificant effect on customer loyalty in the banking sector in Woldia Town. This result is consistent with these researchers who found an insignificant effect of commitment on customer loyalty (e.g., Gruen, et al., 2000; Verhoef et al., 2002). The insignificant result is not too surprising. A probable explanation of the nonsignificant effect might be the customers' experience once they subscribe to other banks. The active nature of competition in the banking sector in this context did not prevent customers from switching providers even in the presence of better alternatives, which perhaps might explain the nonsignificant relationship. Furthermore, the study explained that the significant influence between the two variables exists through other variables (intervening), which also affect customer loyalty. But this result contradicts with results of Ndubisi (2007), Verhoef (2003), and Negi and Eyob (2013), which is that commitment has a significant effect on customer loyalty.

Ha3: Conflict handling has a positive and significant effect on customer loyalty. The path analysis of conflict handling with customer loyalty showed that there is a positive and significant level of customer loyalty at ($p= 0.003$) and its ($\beta = 0.19$). This result is in consonance with the study of Aldaihani and Ali (2019) that relationship marketing (trust, conflict handling, communication, commitment, and cooperation) has a significant and positive effect on customer loyalty. And also other researchers supported this hypothesis, such as Lusiah & Noviantoro (2018) and Ayu (2019) found that conflict handling is a key CRM variable and has a positive and significant effect on customer loyalty. The study of Kahraman and Ndubisi (2005) also shows that there is an effect of the elements of relationship marketing on customer loyalty. Relationship marketing dimensions, particularly conflict handling, communications, and commitment, have a greater effect on customer loyalty, and it is more important in shaping what customers prefer about the bank (Partial, 2019).

Therefore, the results of this study on trust, commitment, and conflict handling are an important factor for customer loyalty.

5.2 The effects of relationship marketing on customer satisfaction

H1b: Trust has a positive and significant effect on customer satisfaction. The path analysis result shows that trust has a positive and significant direct effect on customer satisfaction ($p=0.000$) with a beta value (β) of 0.43. When there is a single unit change in trust, customer satisfaction will be affected by 0.43, while keeping other factors constant. This path analysis, in line with the findings of Riasma et al (2018), confirmed that the relationship marketing variable, including trust, has a positive influence on increasing consumer satisfaction. Furthermore, this result came in line with Khandabi et al (2014), showing an impact of trust on customer satisfaction. And also it is consistence with the study of Duarte & Davies, 2004m; Lee, & Feick, 2001and Svensson, Mysen, & Payan, 2010) suggested that trust is an antecedent to satisfaction. They argue that a high level of trust in an exchange partner has a positive impact on satisfaction in a relationship.

H2b: Commitment has a positive and significant effect on customer satisfaction.

The result of path analysis, which is shown in the above table 9, is that commitment has a Positive relationship and statistically significant effect on customer satisfaction at (β=0.29 and p=0.000). The β value of the commitment variable shows that a one unit increase in commitment would increase customer satisfaction by 16.2 %. The ρ value is less than 0.05, which is 0.002, is significant. This analysis coincides with the result of research conducted by Lusiah &Noviantoro (2018) and Ibadi (2019) shows that relationship marketing of trust and commitment has an influence on consumer satisfaction. In addition to this Aldaihani and Ali (2019) suggested that the Islamic banks in Kuwait are flexible enough to meet the needs of their diverse customers, and provide services designed for them, where commitment is one of the keys to successful relationships to create customer satisfaction. The path analysis supported by the study of Ndubisi, (2007) contends that the degree of customer satisfaction with the organization will depend on the competence of the firm's employees towards the relationship.

H2b: Conflict handling has a positive and significant effect on customer satisfaction.

Based on the above analysis, conflict handling has a positive and significant effect on customer satisfaction at (β=0.22, p=0.005).

The results also support Suhartanto et al., (2019) research, which states that the effect of conflict handling on customer satisfaction is directly significant. Moreover, this finding is in line with the research of Narteh, (2009) concluded that conflict handling has a significant outcome on customer satisfaction in a relationship. And also consistent with the study that conflict handling significantly influences customer perception of services and their satisfaction Silmi (2012) and Alrubaiee & Al-Nazer (2010). This finding this result coincides with research conducted by Lusiah & Noviantoro (2018) and Ibadi (2019) shows that relationship marketing has an influence on consumer satisfaction, and Saputro et al. (2020) found that relationship marketing can have a positive effect on customer satisfaction.

5.3 The positive and significant effect of Satisfaction on customer loyalty

H3: satisfaction has a positive and significant effect on customer loyalty.

The path analysis of customer satisfaction on customer loyalty is positive and significant effect at (β=0.52, and p=0.000). This indicates that the study fails to reject Ho or accepts the null hypothesis, which is that satisfaction has a significant effect on customer loyalty. This research is consistent with the results of Salgueiro and Rita (2016), Wahab et al. (2016), which state that customer satisfaction has a positive and significant effect on customer loyalty. Satisfied customers will have a direct impact on the emergence of a loyal attitude toward satisfying products and services. The study results are also in line with previous research by Zephan (2018) that customer satisfaction has a significant and positive effect on customer loyalty. It can be seen that there is dynamic customer satisfaction that continuously needs to be updated through new products/services, communication that is more oriented to customer loyalty, and customer satisfaction leads to profit.

5.4 Effect of relationship marketing dimension on customer loyalty through customer satisfaction

The mediation analysis is a statistical method used to answer questions on how an independent variable *X* affects a dependent variable *Y*. There are two distinct paths by which the variable *X* influences *Y*. The letters *a, b, c,* and *c'* represent the effect corresponding to each of the relations. When the empirical test of a mediation model is carried out, the direct and indirect effects should be taken into consideration, as well as the total effect of the model. The following figure helps you to understand the concept of mediation clearly, not this research model with 95% bias-corrected confidence interval

Total effect refers to the effects of the independent variable on the dependent variable without the presence of a mediating variable. This means the effects of relationship marketing on customer loyalty without the mediating role of customer satisfaction or X variable directly affect the Y variable in the model. The total effects of one variable on another are equal to the sum of all indirect effects and direct effects between the two variables. The total effects of X on Z equals "a*b" + c*.

Direct effect refers to the effects of the independent variable on the dependent variable in the presence of a mediating variable in the model. This implies that the effects of the X variable on the Y in the presence of the M variable. An indirect effect refers to the effects of the independent variable on the dependent variable through mediation. The indirect effect (ab or a * b) is the difference between the total effect and the direct effect. The indirect effect is represented by the two paths („a‟ and „b‟) which connect Relationship marketing to customers' loyalty through customer satisfaction.

An Indirect effect can fully or partially explain the relationship between the independent and dependent variables in the research model. Full mediation is indicated in the path where the direct effect c* is not significant, whereas the indirect effect a*b is significant, which means only the indirect effect via the mediator. In other words, the effect of variable X on Y is completely transmitted with the help of another mediator. Partial mediation indicated that both the direct and indirect effects a*b are significant in the path analysis. To derive such effects, it is necessary to estimate the components that constitute the indirect effects, that is, the effect of *X* on *M*, as well as the effect of *M* on *Y* (Hayes, 2013). Furthermore, researchers used different methods of testing mediation in structural equation modeling. The Baron and Kenny, (1986) method was based on finding the unstandardized coefficient for the relationship, then determining significance using a Sobel test. As the research has progressed, this method of testing mediation has changed, and the Sobel test has been rejected as a valid means of testing mediation. The revised method is now concerned with assessing the indirect effect by examining the product of path and B path while controlling for the direct effect of C path, since the Sobel test is flawed for this type of test. The more accepted approach is mediation testing using the bootstrapping technique Baron and Kenny nice to determine significance. The bootstrap procedure is very computationally intensive; it is easy to do using some SEM software, particularly Amos (Arbuckle, 2009). The Amos output provides the upper and lower bounds for a confidence interval of any level specified by the analyst (e.g., 95%), as well as an exact p-value to test the indirect effect against zero.

5.5 The following hypotheses were tested depending on the indirect effects of the CRM variable listed in the table below

Depending on the above table 10, the bootstrapping analysis of relationship marketing through the mediating role of customer satisfaction as follow.

Table 10. The standardized indirect effect of the RM variable on customer loyalty through customer satisfaction

Path	Direct effect	Indirect effect	Significant effect	Mediation type
trust->satisfaction->loyalty	0.001	0.001	Significant	Partial mediation
Commitment->satisfaction ->loyalty	0.333	0.006	Significant	Full mediation
Conflict handling ->satisfaction->loyalty	0.003	0.001	Significant	Partial mediation

Source: AMOS result, (2025)

Note: p-value<0.01

H1d: Satisfaction mediates the relationship between trust and customer loyalty.

As indicated in the result of bootstrapping analysis, trust has a positive and significant effect on customer loyalty through customer satisfaction at the 0.01 level of significance. The study supported by Rizwan et al. (2020) studied the mediating effect of customer satisfaction on the relationship between customer relationship marketing and customer loyalty. Research findings show that customer satisfaction plays a mediating role between CRM and customer loyalty.

Ho2: Commitment has a positive and significant effect on customer loyalty through customer satisfaction.

Regarding the above bootstrapping result, commitment has a positive and significant effect on customer loyalty through satisfaction with p-value 0.006.

This hypothesis is also consistence with the research result of (El-Adly & Eid, 2016; Howat & Assaker, 2013) revealed that customer satisfaction fully mediates the customer relationship marketing and customer loyalty. In this finding, commitment is one of the underpinning variables of customer relationship marketing and has full mediation between CRM and loyalty. This implies that commitment is a significant factor in customer loyalty through customer satisfaction.

H3: Conflict handling has a positive and significant effect on customer loyalty through customer satisfaction.

As shown in the above table, the effect of conflict handling on loyalty through customer satisfaction has a positive and significant effect at p-value 0.001, which is significant at 5% level of significance. This hypothesis also coincided with the finding of Kadik and Made (2021) shows that customer satisfaction has a direct positive and significant effect on customer loyalty, and it also has a mediating role in the influence of customer relationship marketing on customer loyalty. The study supported by Ayda (2019) conducted a study on the mediating role of satisfaction. The findings show that trust, commitment, competence, and customer satisfaction are positively related to customer loyalty, and the bootstrapping method shows that customer satisfaction partially mediates the relationship between relationship marketing and customer loyalty. In conclusion, customer satisfaction has a mediating role between customer relationship marketing variables and customer loyalty.

Table 11. Summary of hypothesis testing

Hypothesis	Hypothesis path	p-value	Result
H1a	Direct significant relationship between trust and customer loyalty	0.001	Supported
H2a	Direct significant relationship between commitment and Loyalty	0.333	Unsupported
H3a	Direct significant relationship between conflict handling and Customer loyalty	0.001	Supported
H1b	Significant relationship between trust and customer satisfaction	0.000	supported
H2b	Significant relationship between commitment and customer satisfaction	0.00	Supported
H3b	Significant relationship between conflict handling and customer satisfaction	0.005	Unsupported
Hc	Direct Significant relationship between customer satisfaction and Customer loyalty	0.000	Supported
H1d	satisfaction significantly mediates the relationship between trust and customer loyalty	0.001	Supported
H2d	satisfaction significantly mediates between commitment and customer loyalty	0.006	Supported
H3d	satisfaction significantly mediates the relationship between conflict handling and customer loyalty	0.001	Supported

Source: AMOS result (2025)

6. CONCLUSION

This study makes a distinct contribution to the field of relationship marketing by empirically validating a comprehensive model that positions customer satisfaction as a critical mediating variable between key Customer Relationship Marketing (CRM) dimensions, trust, commitment, and conflict handling customer loyalty in the under-researched context of the Ethiopian banking sector. The investigation, focused on selected banks in Woldia District (CBE, BIB, and BOA), found that trust and conflict handling exert direct and significant positive effects on customer loyalty, underscoring their paramount importance in fostering customer retention. Conversely, while commitment displays a positive relationship with loyalty, it is statistically insignificant, suggesting its influence is not direct but operates through other mechanisms. The research underscores the necessity for banks to prioritize nuanced relationship marketing strategies, especially given the competitive market landscape where customer power is paramount.

Notably, the findings confirmed that trust, commitment, and conflict handling are all significant drivers of customer satisfaction, which in turn is a powerful initiator of loyalty. This indicates that strategies aimed at improving customer satisfaction will yield stronger loyalty outcomes. Furthermore, the mediation analysis provides a deeper, more original insight: trust and conflict handling serve as partial mediators in the CRM-loyalty relationship, while commitment acts as a full mediator. This crucial finding suggests that commitment's entire influence on loyalty is channeled through customer satisfaction; therefore, enhancing commitment will only lead to better customer loyalty if it simultaneously improves customer satisfaction. Overall, the findings emphasize the critical and interconnected roles of effective CRM strategies and customer satisfaction in driving sustained customer loyalty within the banking sector.

6.1 Theoretical implications

This study offered significant theoretical implications that extend relationship marketing theory within the banking industry. It empirically validates core tenets like Commitment-Trust Theory, confirming trust as the operational cornerstone of loyalty. The study operated abstract constructs by delineating actionable antecedents of trust and reliability, providing a clearer framework for future study. A key implication is the theoretical integration of internal marketing (e.g., employee motivation) with external relationship marketing, suggesting that broad loyalty models must account for internal organizational enablers. Furthermore, it refines the loyalty pathway by theorizing that proactive conflict management actively strengthens trust, positioning relational resilience as a critical variable. Finally, it examined long-term orientation as a key strategic moderator and advocates for a complete, customer-centric view of customer relationship marketing as a core strategy rather than a mere technological tool.

6.2 Managerial and marketing implications

This study revealed important implications for banks regarding the impact of relationship marketing on customer loyalty. First and foremost, banks must prioritize building trust with their customers, as trust significantly influences loyalty. Ensuring transaction security, fulfilling promises, and maintaining consistent communication are essential steps in fostering this trust. Additionally, banks should enhance their reliability by actively engaging with customers and consistently delivering high-quality services. This reliability not only strengthens customer relationships but also aligns with theoretical frameworks that emphasize trust as a cornerstone of effective relationship marketing. Moreover, banks need to demonstrate a strong commitment to service by being flexible and responsive to customer needs. Implementing employee motivation strategies, such as competitive salaries and recognition programs, can lead to a more dedicated workforce that provides exceptional service. Understanding individual customer needs through personalized interactions is crucial for establishing long-term relationships, reinforcing the importance of tailored approaches in customer relationship management. Effective complaint handling is also vital for maintaining customer loyalty. Banks should have clear procedures in place for addressing customer concerns, ensuring that customers feel heard and valued. Proactively managing conflicts before they escalate can prevent damage to customer relationships, while timely resolution can strengthen trust and loyalty.

Furthermore, increasing customer satisfaction is essential for driving both loyalty and profitability. Banks should focus on retaining existing customers while attracting new ones through comprehensive CRM strategies. Satisfied customers are more likely to engage in repeat business and recommend the bank to others, highlighting the importance of a customer-centric approach.

Lastly, implementing long-term relationship marketing strategies is crucial for cultivating lasting customer connections. By balancing customer retention and acquisition, banks can enhance profitability and build a loyal customer base. Overall, the findings emphasize the need for banks to adopt effective relationship marketing strategies to achieve sustainable success in a competitive environment.

6.3 Limitations and areas of future research direction

This research on the effects of relationship marketing on customer loyalty in the banking industry acknowledges several limitations, including a narrow focus on specific marketing dimensions and a lack of generalizability beyond the banking sector. The use of convenience sampling, though practical, may limit the generalizability of the findings. Future research could employ random sampling techniques. Secondly, the cross-sectional nature of the data captures perceptions at a single point in time; longitudinal studies could provide deeper insights into the evolution of these relationships. Future studies are encouraged to explore additional relationship marketing variables, such as communication and service quality, and to investigate their effects across diverse industries like telecommunications and hospitality. Comparative analyses between private and public banks would enhance understanding, while incorporating perspectives from both customers and employees, along with in-depth interviews with bank management, could provide a more holistic view. Addressing these areas will enrich the literature on relationship marketing and its impact on customer loyalty. Finally, the focus on three banks in one district suggests a need for broader geographical replication.

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