

## **Unveiling the Role of Customer Acquisition, Enhancement, and Information in CRM: Driving Satisfaction and Long Term Loyalty using Structural Equation Modelling**

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### **ABSTRACT**

*Companies are working to enhance their financial service procedures through relationships with customers to succeed and effectively compete in the market. Customer Relationship Management Practices (CRM) affect customer satisfaction in retaining customer loyalty in the private sector bank. This investigation is conducted to know the causal relationships that exist between acquisition, enhancement, information, satisfaction and loyalty. There were 258 samples collected from banks' customers using a convenient sampling method via a structural questionnaire. Confirmatory factor analysis was used in the development and refinement of the research instrument. The suggested model's fitness and its causal relationship have been investigated using structural equation modeling (SEM). The consequences of the research highlighted that customer satisfaction is significantly impacted by customer acquisition, enhancement, information, and customer satisfaction has a high impact on loyalty. CRM affects customer satisfaction, which helps to keep customers in the long term in private sector banks.*

**Keywords:** *Customer Relationship Management; Banking Industry; Customer Loyalty; Customer Satisfaction.*

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### **1.0 Introduction**

A company's long-term growth, sales, and marketing plan, resource allocation, product development, and overall profitability are all thought to be significantly influenced

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by its customers (Morgan & Hunt, 1994; Naidu, Parvatiyar & Sheth, 2001; Reinartz, Krafft, & Hoyer, 2004). The worldwide banking environment has undertaken an outstanding revolution in the earlier era. A decade ago, few in the banking industry could have predicted the level of competition and disengagement that has resulted from changing technical, structural, and regulatory aspects (Klein, 2005). The market has evolved in recent years in new and rising nations, shifted from being a seller's market to a buyer's market. Customer Relationship Management (CRM) is an approach of collecting customer information, identifying their traits, and utilising those qualities to emphasis on specific promotional efforts. CRM is a marketing tactic that includes finding and attracting profitable customers and then ensuring their loyalty to the business or commodity via successful building relationships to ensure profitable growth.

A decade ago, few in the banking industry could have predicted the level of competition and disengagement that has resulted from changing technical, structural, and regulatory aspects (Klein, 2005). Furthermore, the relationship approach to marketing and exchange circumstances influence how effectively CRM operates (Palmatier *et al.*, 2006). Since traditional differences stimulus how people recognise and perform in relationships (Jham & Khan, 2008). Moreover, (Soch & Sandhu, 2008) demonstrated that CRM measurement in the Indian banking sector has become crucial since various industries display varying performance levels.

According to Roy & Shekhar (2010) Indian banks' environmentally friendly development depends on implementing customer-focused approaches targeted to keep and improve relationships with existing customers. Data integration, customer engagement, long-term relationships, friendly problem-solving skills, and technological-driven CRM are crucial to success. Additional innovation capabilities (IC) considered product, process, marketing, service, and administrative innovation. Chan (2005) developed a similar CRM theory, combining technology representation, organizational structures, analytical structures, and business processes to provide an integrated customer perspective. Hence, discover profitable customers for the Bank, applies CRM to obtain customer databases, customer satisfaction in different stages, customer loyalty, long-term relationships, and customer retention. In the contemporary company environment that are defined by competition, retaining customers is essential and a limited resource that must be leveraged to achieve sustained profitability (Melnyk & Bijmolt, 2015). As a result, an extensive relationship mechanism is now required, with the broad definition of "relationship" being a customer's behavioral relationship with a bank, a brand, or a selling operations personnel (Anderson & Narus, 1991). According to Rane *et al.* (2023), developing and responding to consumer feedback is essential for establishing trust and confidence in the organization's commitment to customer satisfaction (Manchanda *et al.*, 2017).

## **1.1 Rationale of the study**

In the study, an endeavor has been made to provide practical documents to the bank about their current willingness to satisfaction and loyalty through customer acquisition, customer enhancement, and customer information. The extent required continuous improvement to achieve and sustain effectiveness in the banking industry, which is becoming more and more competitive through operational changes, access to new corporations, and customer demands. The bank needs to concentrate on a few key strengths to give its customers substantially greater value. It assists in maintaining track of the best customer loyalty strategies used by banks and ensures that these strategies are implemented throughout the bank. The bank should bring in the best variety of CRM practices for capturing customer satisfaction and loyalty in two major cities of North India i.e., Patna and Lucknow.

## **1.2 Objective**

The current study has been predicted to know the role of customer satisfaction on the effect of CRM on long-term customer loyalty in the Private Banking sector.

## **2.0 Literature Review and Hypothesis Development**

CRM practices of traditional scheduled banks and private sector banks examined by Kumar & Prakash (2019) in Kerala. SBI, Federal Bank, and South Indian Bank were covered as conventional scheduled banks; major private sector banks were HDFC, ICICI, and Axis Bank. The study showed that new private sector banks have used CRM more successfully than established scheduled banks, suggesting the former has been more inventive in getting to know their business and forming reliable relationships with them. The role of CRM in the Indian banking industry was examined by Kishor & Nagamani (2015). They underlined that strong loyalty to customers and preserving positive customer connections are achievable with proper customer relationship management. They covered each phase of a customer's life cycle, which involves loyalty, retention, satisfaction, development, and acquisition of new customers. The outcome showed in new business, providing the best customer support, and keeping in touch with its loyal customers. It has been suggested by Karahan & Kuzu (2014) to use CRM in the context of banking services.

To estimate frequencies, percentages, means, reliability, correlations, and regression analyses, descriptive statistical methods were applied. In Konya, Turkey, data was collected from a handy sample of 382 respondents. The stages of the market strategy, such as the "identify, differentiate, interact, and customize stages," have been found to have a good relationship with CRM. The issues faced by customers in banks in the public

and private sectors, including the CRM complaint handling feature, the frequency of complaints, the reasons for non-complaints, and the customers' expectations about the customer service provider's capacity to handle complaints studied by Sinha & Tripathi (2013). According to the survey, CRM is now essential in every aspect of the business sector. In the service industry, long-term customer relationships are built on pleasing customers with sincere and honest promises. In addition, they recommended that complaints be appropriately managed as an essential part of maintaining good customer relations. Financial innovation, including organization, process, service, and innovation in products. CRM as a strategy concentrates on creating and solidifying a devoted base of recurring customers by consistently meeting and exceeding their needs and personal preferences examined by Urbanowicz (2008). Financial institutions use a wide variety of touch points to build relationships with customers, such as branches, ATMs, kiosks, the Internet, PDAs, emails, electronic banking, smart cards, call centers, and phones. He identified the following eight factors that influence what customers expect: features, clarity, competence, responsiveness, appearance, accessibility, competence, and courtesy, on this basis information can be accessible outside of the bank.

In terms of the relationship between customer satisfaction and reliability pointed out by Saleh *et al.* (2017) how customers assessed Islamic and traditional banking facilities. They used an elaborate method to measure missing values, means, medians, modes, kurtosis, and skewness to confirm that the data was normal. Using a seven-point Likert scale and the SEM tool in AMOS, they examined many variables in the survey, comprised reputation, satisfaction, loyalty, security, tangibles, assurance, empathy, and security, concluded the customers of Islamic banks had higher expectations than those of conventional banks. The effects of several factors on the general level of service quality provided by online banking (Bhatt & Mehta, 2020). To examine the relationship between variables they used multiple regression modeling and exploratory factor analysis among SBI, BOB, PNB, and banks from the private sector including HDFC, ICICI, Axis, and Kotak Mahindra.

The overall service quality of banking via the Internet has a significant impact of support, expertise, ease of use, connectivity, tangibility, security, and accessibility. Hence, the analysis showed that each bank has a different impact from each distinct aspect. In order to preserve the present framework and develop an enhanced customer base, Laketa *et al.* (2015) looked at several factors that characterize the idea of CRM, including segmentation, communication, and the creation of long-term individual client interactions utilizing contemporary technologies. Key CRM principles that are meant to strengthen and improve the level of relationships with customers were examined by the researchers. For the CRM idea to be successful, a bank's information technology, sales, marketing, and

support departments must work together toward common goals. A bank's competitive advantages are strengthened when it provides added value to consumers through its goods and services, making it harder for other banks to compete in this ability. Gupta (2023) analysed CRM components and their implementation to enhance CRM practices in the banking sector centralization of socio-economic aspects of customers, technological adaptation, offering training & skill development programs, collection of customer data, analysis & interpretation, timely integration and evaluation.

## **2.1 Customer satisfaction**

In order to achieve high customer satisfaction, an organisation must understand when and how it satisfies customers with its products and services. According to Schiffman *et al.* (2010), customer satisfaction is an emotion that relates to a specific focus like the experience of purchasing or an associated product, and happens at a specific period. Customer degree of satisfaction is determined by overall experience at the point where customers interact with the provider. In the research they conducted into the impact of bank service fairness and quality on banking customers' satisfaction, Chen *et al.* (2012) went further into the relationship between banking quality of service and customer satisfaction. They observed that customer satisfaction is highly influenced by perceptions of service accountability. One of the most common methods to express the satisfaction of customers is to convey that they experienced the relationship that awaited the purchase was satisfactory.

Not only is satisfaction a response to specific products or services, retail chains, or general buyer behavior structures, but it's also an emotional reaction to the circumstances of the market as a whole. An additional concept about customer satisfaction is the psychological state that gives rise to different perspectives and customers' pre-existing feelings regarding a customer experience. Customer satisfaction is defined as pleasant reactions that a customer admires whereas customer dissatisfaction is an undesired fulfilment. Additionally, according to Santouridis and Trivellas (2010), customer satisfaction is the customers' experience that a product fulfils its promise (Chiguvi & Guruwo 2016). As a consequence, one of an industry's biggest challenges is comprehending, obtaining, and sustaining the satisfaction of customers.

## **2.2 Customer acquisition**

Customer acquisition, which relates to the approaches of current prospects, is the first step in the analysis of customer acquisition stages. The three crucial choices that comprise the acquisition are frequently influenced by the prospective employees, the

method of communication, and the proposals they provide (Cavaliere *et al.* 2021). A method is a way of recognizing, communicating with, and building relationships with customers. As an investment approaches completion, it becomes essential to make the decision that allows the most important customer to obtain strategic importance. One of the most essential elements of customer relationship management is choosing the proper customer and creating strategies to figure out more about new customers. An existing institution is not as active in institutional spending as a new one, consequently, an institution's viewpoint is very specific (Nayak & Kumar 2020). This is essential to banking sectors that desire to focus precisely as much on attracting new customers as they do on keeping their current customers.

*H1: There is a positive impact of Customer Acquisition on customer satisfaction in private-sector banks.*

### **2.3 Customer enhancement**

The method in which innovation is implemented has a significant effect on how banks operate. Enhancements in technology benefited customers, and the bank made revenue by attracting new customers. Most industries want to give their customers the best products, services, and customer care as these initiatives increase customer retention. These behaviors also have a direct impact on customer satisfaction. In the financial industry, the CRM Practice increases customer value and engagement as well as profitability (Cheng & Yang, 2013).

*H2: There is a positive impact of Customer Enhancement on customer satisfaction in private-sector banks.*

### **2.4 Customer information**

The extensive application of technology for communicating electronically has brought about significant improvements in customer relationship management over time. These days, it refers to an organizational structure that covers the different aspects of customer interaction and communication. Indicated in various ways, it establishes methods for collaborating with customers, addressing their concerns, persuading them to utilize banking services and goods, fostering trust in the brand, and maintaining financial relationships with customers.

*H3: There is a positive impact of Customer Information on customer satisfaction in private-sector banks.*

### **2.5 Customer loyalty**

The banking sector depends essentially on its customers to remain in the industry, especially given the high level of competition among banks. The primary factor is brand,

which usually classifies a certain company from another and represents the ideals of an organisation regarding name, product, image, rate, and other aspects (Salimon, Yusoff, & Abdullateef, 2013). Customer loyalty has been acknowledged as a crucial factor that helps organizations obtain a competitive edge over rivals in a highly competitive and dynamic economy. It is a complete construct whose fundamental components are attitudes and behaviors. Oliver (1999) described customer loyalty as the commitment made by customers to purchase particular goods, services, or brands from an organization for a considerable amount of time, despite new goods and innovations provided by competitors, and without feeling under pressure to do otherwise. Loyal customers are more likely to make repeat purchases, have a positive assessment of the business, and would suggest it to others (Dimitriades, 2006).

Similarly, Customer loyalty is an indication of a service provider's loyalty and willingness to refer to other customers (Lam *et al.* 20013). Additionally, it is believed that the goal of repeat customers is to establish a long-lasting relationship with an industry through their purchases (Dick and Basu, 1994; Fornell, 1992). Customer loyalty is described as the continuous growth of a relationship through the delivery of services that exceed the needs of the customer (Kirmaci, 2012).

The extent of loyalty is measured by the frequency of purchases (Javalgi & Moberg, 1997). A brand's extent of customer loyalty is determined by the level of funds spent on it. Nowadays, businesses are trying to enhance their rivals in terms of pricing for goods and services to take their customers' loyalty by satisfying their requirements and expectations. Loyalty in the banking industry is dependent on satisfaction with relationships (Licata and Chakraborty, 2009).

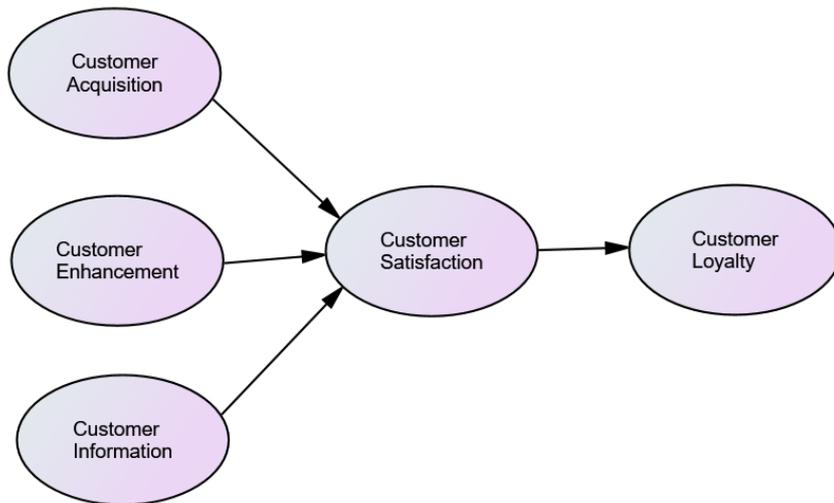
A significant element of loyalty is customer satisfaction. Observed that customers who were given the sales-orientation strategy performed, in particular, demonstrated a higher degree of loyalty when their relationships were satisfied (Leverin and Liljander 2006). Additionally, a higher level of satisfaction with relationship operations has been demonstrated to boost customer loyalty to the bank in the context of customer relationships (Pont and McQuilken, 2005). Ali *et al.* (2023) examined customer insights to use CRM to enrich customer satisfaction and knowledge. CRM is the term used to signify the strategies, techniques, and technologies that industries use to track and assess interactions with customers and information at each phase of the customer lifecycle in an attempt to strengthen customer bonds and boost customer satisfaction and loyalty.

*H4: There is a positive impact of customer satisfaction on customer loyalty in private sector banks.*

**2.6 Proposed research model**

Based on the existing research gaps and literature review, the model of this study has been developed. The five latents/ factors had identified namely customer acquisition, customer enhancement, customer information, customer satisfaction, and customer loyalty. It is assumed that customer satisfaction (dependent variable) can be influenced by independent factors such as customer acquisition, customer enhancement, and customer information. Customer loyalty is considered to be a dependent variable and may be impacted by customer satisfaction (independent variable). The use of SEM allowed for the testing of multiple relationships between the variables in the model. In this study, the measurement model was used initially. The structural model was subsequently put into measurement model fitness and different path estimations. The proposed model specifies the estimated correlation among the variables.

**Figure 1: Conceptual Model**



*Source: Authors own creation based on literature review, gaps and objectives of the study.*

**3.0 Research Methodology**

**3.1 Research sample**

This study has been done during 2023- 2024 at one of the core private sector banks of India. The top three private sector banks i.e., HDFC, ICICI, and Axis Bank of North India (Patna and Lucknow) were selected for the study based on their financial position. Samples were gathered from customers of the banks via a structural questionnaire, researchers directly

approached the respondents and those not approachable were communicated via e-mail, WhatsApp, etc. for data collection.

To select specific responders, random and convenient sampling methods were employed for data collection which is feasible. The following assumptions were used to establish the sample size: The majority of research uses a sample size of 200–500 responses (Hill & Alexander, 2002; Tabachnick & Fidell, 2007). The sample size was determined by Hair, Anderson, Tatham, and Black (1998) based on the number of questions in the questionnaire; that is, five to ten responses are sufficient for each item. There were 300 questionnaire distributed to banks' customers, out of these 30 were rejected and 12 contained insufficient information. Hence 258 samples were used for this study. To achieve the objective of the study descriptive, Confirmatory Factor Analysis, and Structural Equation Modeling were employed via SPSS and AMOS.

### **3.2 Questionnaire development and data collection**

The study instrument was conducted through personal communication with a few customers to check the content validity of items and to test their appropriateness. The first section was related to the Customer Relationship Management Practices in the Banking Sector on each latent. The survey instrument was self-developed following expert discussion and a comprehensive literature study. The questionnaire items were taken from Bhat, Darzi, & Parrey, 2018; Saxena & Taneja, 2018. These statements were the combination of 24 statements about the CRM dimension with five latent, the questions about respondents' demographic profile and socioeconomic background are found in the second section and a few questions regarding their bank account along with in which city the bank provided its services. A five-point Likert scale that ranges from “strongly disagree (1) to strongly agree (5)” was employed to measure the selected items and find the desired information. A Google form of the questionnaire was formed and distributed through different social media and e-mails to collect the responses. Table 1 shows the demographic details.

### **4.0 Analysis and Discussion**

Table 2 reveals the overall measurement of constructs. All 258 responses obtained high mean scores-that is, mean scores greater than 3.5. Customers' relationships with the bank seem to have improved, according to the mean score for customer relationship management practices.

**Table 1: Demographic Details**

Items	Frequency	Percentage
<b>Age</b>		
upto 20	12	4.7
20-40	213	82.6
41-60	29	11.2
61-80	4	1.6
<b>Gender</b>		
Male	172	66.7
Female	86	33.3
<b>Marital Status</b>		
Married	126	48.8
Unmarried	132	51.2
<b>Education</b>		
Upto High School	16	6.2
Intermediate	76	29.5
Graduate	107	41.5
Post Graduate	48	18.6
Ph.D.	8	3.1
Others	3	1.2
<b>Occupation</b>		
Professional	18	7
Salaried class	65	25.2
Self-employed/Business	120	46.5
Students	40	15.5
Home-maker	13	5
Others	2	.8
<b>Monthly Income</b>		
Nil	15	5.8
Below 10,000	36	14.0
10,000-25,000	101	39.1
25,001-50,000	80	31.0
50,000-1,00,000	26	10.1
<b>City</b>		
Lucknow	136	52.7
Patna	122	47.3
<b>Banks</b>		
HDFC	81	31.4
ICICI	111	43.0
Axis	66	25.6

*Source: Authors own creation based on data analysis*

**Table 2: Descriptive Statistics**

<b>S. No.</b>	<b>Item Constructs</b>	<b>Mean</b>	<b>Std. D.</b>
1.	My bank delivers all financial solutions to me.	3.9729	.77110
2.	I acquire better resolution of financial issues from interpersonal interaction.	3.9535	.73130
3.	The bank fulfills all my personal banking requirements.	3.9729	.65068
4.	I have had enough positive experiences with my bank.	3.9961	.70847
5.	My bank is keeping up its financial promise to me.	3.9457	.63381
6.	My bank's ATMs are in convenient places.	4.0426	.70719
7.	My bank provides the automation of all banking services.	3.8527	.80948
8.	My Bank provides speedy services to its customers.	3.8798	.77227
9.	I recognize no difficulty in using banking services with my bank.	3.9147	.77941
10.	My bank facilitates adequate safety and security measures for me.	4.0194	.77636
11.	My bank's information system enables me to get various banking products.	3.9729	.80565
12.	My bank ensures proper security for my personal banking information.	3.9109	.72998
13.	My bank sends me the latest information regarding my account regularly.	4.0891	.82034
14.	My bank keeps me up to date on the latest apps for better service.	4.0233	.78869
15.	The Bank meets my all expectations regarding banking facilities.	4.2403	.60188
16.	My bank's overall services and CRM practice are good.	4.2519	.65012
17.	I am satisfied with all the banking services provided by my bank.	4.2674	.61292
18.	I am satisfied with the bank employees' approach to solving customer issues.	4.2364	.68496
19.	I am satisfied with new technology innovation based on customer needs.	4.2364	.67351
20.	I am using the same bank for the banking services.	4.3217	.62471
21.	My bank is a leading firm in this sector.	4.2403	.69209
22.	My bank has a positive image in the banking sector.	4.2984	.60484
23.	I will motivate others to use this banking service.	4.2636	.63637
24.	I deal with the bank because I want to, not because I have to.	4.6589	.50670
25.	I consider myself to be a loyal customer of this bank.	4.6279	.57266
26.	I will continue using the services offered by this bank.	4.6628	.54259
27.	I will use other products/ services offered by this bank in the future.	4.6047	.61649
28.	I strongly advise others to use my bank.	4.6589	.51433
29.	I strongly advise others to use my bank.	4.6434	.52633
30.	I will switch to a competitor bank that offers more attractive benefits, interest rates, and service charges.	4.6202	.53940

Source: Authors own creation based on data analysis

#### 4.1 Confirmatory Factor Analysis (CFA)

The measurement model's unidimensionality was further confirmed by using CFA. Chau (1997) stated that a variety of goodness and badness indices, as well as the model fit summary, were used for the assessment of CFA. These include the following fit indices: The following metrics are considered appropriate and acceptable:  $\chi^2 / df$  ( $< 3$ ), comparative fit index (CFI  $> 0.90$ ), normed fit index (NFI  $> 0.90$ ), goodness-of-fit index (GFI  $> 0.90$ ), root mean residual (RMR  $< 0.10$ ), and root mean square error of approximation (RMSEA  $< 0.10$ ). Standardized regression weights for variables along with their items are called factor loadings, its value should be above 0.70 as favorable, and loadings above 0.60 are also satisfactory (Hair *et al.*, 2011).

Convergent validity is demonstrated by the relatively good loading of the components, which is therefore table 2 estimates for Average Variance Extracted (AVE), Construct Reliability (CR), and Discriminant Validity (DV). An AVE of 0.5 or above suggests acceptable convergent validity, while a CR of 0.7 or higher indicates satisfactory internal consistency.

Regarding discriminant validity, the square of the correlation between constructs should not surpass the obtained variance, according to Fornell and Larcker (1981), demonstrating how distinct constructs vary. Standardized loading estimates should ideally be at least 0.5, preferably reaching 0.7 or higher.

The measurement model ( $\chi^2 / df = 2.105$ , GFI = 0.902, AGFI = 0.795, CFI = 0.929, NFI = 0.874, RMR = 0.027, RMSEA = 0.066) has been found to meet all of the goodness and badness indices, and the item loadings are far over the 0.70 criteria. Table 2 presents the path estimates (CFA loadings) of the measurement model, showing values greater than 0.60, signifying both convergent validity and internal consistency.

Additionally, the AVE exceeds 0.50, and the construct reliability surpasses 0.70. As a result, the final questionnaire has a total of 30 items. Table 4 provides evidence for DV by emphasizing that the square correlation between the latent variables is not greater than the variance extracted for each variable. Table 3 shows that factor loadings and CFA.

Authors employed the Fornell & Larcker (1981), Hu and Bentler, (1999) standards for stabling discriminant validity. The inter-variable correlation values are the other numbers, and the values in the diagonal bold represent the square root of AVE. As can be seen in the table, the condition that the diagonal bold value should be higher than other values in its respective rows and columns is accomplished. Consequently, our variables show strong discriminant validity, according to the researchers.

**Table 3: Factor Loadings of CFA**

Latent Variables	Scale Items	Path Estimates*	Construct Reliability	Average Variance Extracted	Maximum Shared Variance
Customer Satisfaction	CS1	0.806	0.918	0.561	0.270
	CS2	0.836			
	CS3	0.866			
	CS4	0.723			
	CS5	0.631			
	CS6	0.641			
	CS7	0.556			
	CS8	0.877			
Customer Loyalty	CL1	0.904	0.905	0.579	0.270
	CL2	0.776			
	CL3	0.758			
	CL4	0.626			
	CL5	0.717			
	CL6	0.844			
	CL7	0.664			
Customer Enhancement	CE1	0.621	0.901	0.650	0.087
	CE2	0.822			
	CE3	0.908			
	CE4	0.789			
	CE5	0.749			
Customer Acquisition	CA1	0.570	0.902	0.658	0.156
	CA2	0.616			
	CA3	0.922			
	CA4	0.858			
	CA5	0.998			
Customer Information	CI1	0.923	0.884	0.663	0.102
	CI2	0.779			
	CI3	0.599			
	CI4	0.804			

Note: \*All the paths are significant at  $p < 0.05$ .

Source: Authors own creation based on data analysis

**Table 4: Discriminant Validity Results**

	<b>Customer Satisfaction</b>	<b>Customer Loyalty</b>	<b>Customer Enhancement</b>	<b>Customer Acquisition</b>	<b>Customer Information</b>
Customer Satisfaction	<b>0.749</b>				
Customer Loyalty	0.520***	<b>0.761</b>			
Customer Enhancement	0.262***	0.294***	<b>0.806</b>		
Customer Acquisition	0.395***	0.229***	0.020	<b>0.811</b>	
Customer Information	0.319***	0.106†	-0.022	0.300***	<b>0.814</b>

*Note: Variance Extracted.*

*Significance of Correlations:*

†  $p < 0.100$ , \*  $p < 0.050$ , \*\*  $p < 0.010$ , \*\*\*  $p < 0.001$

*Source: Authors own creation based on data analysis*

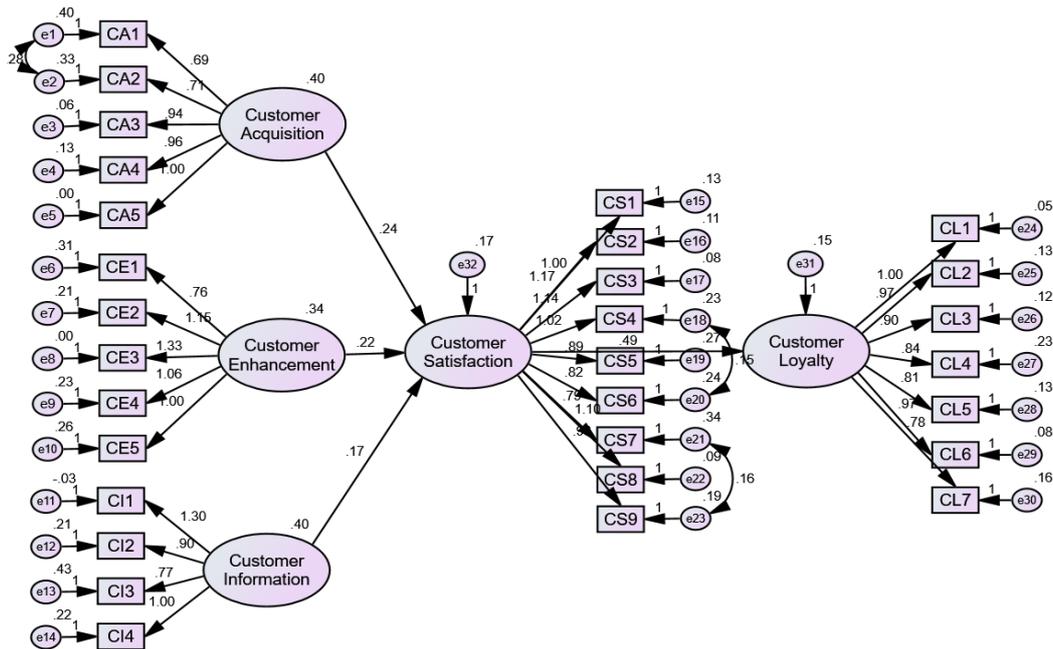
## 5.0 Structural Equation Modelling (SEM) Results

The study tested multiple hypothesized causal relationships. The hypotheses were examined using structural path modeling, with customer satisfaction as the endogenous (dependent) variable and customer acquisition, customer information, and customer enhancement as exogenous (independent) variables, as shown in Figure 1.

Another side is the role of customer loyalty plays as an endogenous variable and customer satisfaction as an exogenous variable. To identify whether the proposed conceptual model and the hypothesized model satisfy the data, the model summary is required to be examined as part of the analysis technique for testing hypotheses.

The findings indicate that the proposed model fits well with the observed data, as shown in Figure 2. Various fitness indices were assessed for the current model. Structural equation modeling conducted using AMOS was utilized to examine the relationships. A model is considered to fit well if the CMIN/df value is below 5 and if the goodness-of-fit indices, including the GFI, TLI, and CFI, exceed 0.90 (Hair *et al.*, 2013). Moreover, a model is deemed to have an acceptable fit if the AMOS-calculated standardized root mean square residual (RMR) is less than 0.05 and if the root mean square error approximation (RMSEA) falls between 0.05 and 0.08 (Hair *et al.*, 2013). The fitness indices of the present model, that is, CMIN/df= 2.187, the goodness-of-fit (GFI) = .820, Adjusted goodness-of-fit (AGFI) = .790, TLI = .915, CFI= .922, RMR= .040, RMSEA= .068 displayed in the model summary are satisfactory and meet the acceptable criteria (Kline, 2011; Hoyle, 2012; Byrne, 2016). Table 5 shows the model fit indices.

**Figure 2: Structural Model (Path Diagram)**



Source: Authors own creation based on data analysis

**Table 5: Model Fit Indices**

Fit Indices	Recommendation Value	Obtained Value (For structural model)	Obtained Value (For measurement model)
P	Insignificant	0.000	0.000
CMIN/df	3-5	02.187	02.105
GFI	>.90	0.820	0.902
CFI	>.90	0.922	0.929
NFI	>.90	0.867	0.874
TLI	>.90	0.915	0.921
RMSEA	<.08	0.068	0.066

Source: Authors own creation based on data analysis

### 6.0 Hypothesis Testing

*H1: There is a significant positive impact of Customer Acquisition on customer satisfaction in the private sector banks.*

*H2: There is a significant positive impact of Customer Enhancement on customer satisfaction in the private sector banks.*

*H3: There is a significant positive impact of Customer Information on customer satisfaction in the private sector banks.*

*H4: There is a significantly positive impact of customer satisfaction on customer loyalty in the private sector banks.*

**Table 6: Hypothesis Results**

Hypothesis	Regression Weight	Beta Coefficient ( $\beta$ )	t- value	p-value	Hypothesis
H1	CS<---CA	.245	5.601	***	Accepted
H2	CS<---CE	.216	4.473	***	Accepted
H3	CS<---CI	.166	3.899	***	Accepted
H4	CL<---CS	.494	7.758	***	Accepted

*Source: Authors own creation based on data analysis*

Continuing the validation of the proposed theoretical model, the hypotheses test was employed. Hypotheses resulting based on path analysis show that Customer acquisition is positively and significantly associated with Customer satisfaction ( $\beta=0.245$ ,  $p<.05$ ). Hypotheses resulting based on path analysis show that Customer enhancement is positively and significantly associated with Customer satisfaction ( $\beta=0.216$ ,  $p<.05$ ). Hypotheses resulting based on path analysis shows that Customer information is positively and significantly associated with Customer satisfaction ( $\beta=0.166$ ,  $p<.05$ ). Hypotheses resulting based on path analysis shows that Customer satisfaction is positively and significantly associated with Customer loyalty ( $\beta=0.494$ ,  $p<.05$ ). Hence, based on these outcomes the structural paths were statistically ( $p<.05$ ) significant with regression estimate (above 0.20). Stimulatingly, all hypotheses are accepted (Table 6).

## **7.0 Conclusion and Implication**

The study demonstrates that customer satisfaction has a significant impact on customer loyalty. Customer information has less influence on customer satisfaction, and customer enhancement has less of an impact than customer acquisition. Therefore, by keeping accurate records of customers’ behaviours and having a thorough understanding of their dynamic characteristics, the bank can improve customer loyalty. Enhancing the depth of customer expertise improves customer loyalty strategies in a complementary way. Technical

improvements, information management skills, and managerial abilities can improve the social integrity of customer loyalty by adding value to the customer acquisition procedure. Furthermore, customer satisfaction is influenced by customer acquisition, customer enhancement, and customer information, and customer satisfaction has a strongly favorable influence on customer loyalty. Therefore, satisfaction leads to loyalty Banks that aim to enhance relationships with their customers have to constantly assess both internal operations and the behaviour of customers. The extent of the relationship will be compromised yet if the bank has no means to provide customers with relationship-building competencies. Not only can it turn trustworthy customers into disloyal ones, but it can also make customers feel adversely about the bank. This could consequently have a negative impact on the bank's image and sustainability over time. Researchers derive the conclusion that the model improves comprehension of the loyalty of customers in the banking industry. It is emphasized that the confirmation of the proposed hypothetical model should not be regarded as conclusively even if it shows better-fit indices.

The study consequences the Commercial Bank in Bihar better to give timely and reliable information about services, especially when customer acquisition means a new service becomes existing, like a new bank service to customer enhancement such as how to manage the experience at each customer touch-point, satisfied the customers hence, satisfaction leads to loyalty. Additionally, CRM affects customer satisfaction, which helps to keep customers in the long term in private sector banks. The bank makes and maintains potentials and it enhances to give exact and trustworthy information to its customers.

The present research covered the relationship of Customer Acquisition, Customer Enhancement, Customer Information, and customer satisfaction with customer loyalty. This relationship needs to be further explored to find out variables that will enrich the relationship between customer satisfaction and loyalty. Future studies might utilize the present research in different countries and regions, or they might focus on different banks as well as non-banking enterprises, using more variables involving customer retention, customer value, technology-based CRM, and e-CRM along with mediation and moderation.

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