Moderating Effect Of Financial Products Between Customer Commitment, Value Co-Creation, And Customer Loyalty Of Banks In Pakistan

Dr. Badariah binti Haji Din¹, Kaleem Anjum², Adnan Ahmed Sheikh³, Ch. Manahil Afzal⁴, Sajjad Nawaz Khan⁵, Muhammad Rafiq⁶

¹Associate Professor at College of law, Government and International studies Universiti Utara, Malaysia. (UUM).

²Ph.D. Scholar, at College of law, Government and International studies Universiti Utara, Malaysia. (UUM).

³Assistant Professor, Department of Business Administration, Air University Multan Campus.

⁴M.phil Scholar, at Department of Management sciences, The Islamia University of Bahawalpur, Pakistan.

⁵Assistant Professor Department of Management sciences, The Islamia University of Bahawalpur, Pakistan.

⁶Assistant at The Islamia University of Bahawalpur, Pakistan.

Abstract

The increasing wave of decline in financial institutions’ performance in recent years poses severe threats to the stability and survival of the financial sector and banks in particular. For stability and survival of the financial sector and customer loyalty, they need to guarantee financial products and services assurance to their customers. Therefore, to understand the diverse perspective of commercial banks, this study examines the effect of commitment and value co-creation on customer loyalty by moderating the role of financial products. The study framework was established from the social exchange theory. Data were collected from commercial banking customers in Pakistan. Out of 350 distributed questionnaires, 295 were returned. The convenient sampling technique was used. Hypotheses tests were performed on Smart PLS-SEM 3.0. Findings show a significant relationship between value co-creation, customer commitment, and customer loyalty. However, results indicate that financial products positively mediate the relationship
between commitment, value co-creation, and customer loyalty. The study is essential to contribute in literature with its potential antecedents and moderating variables to enhance the loyalty of microfinance banking customers in Pakistan. However, this study will be helpful for both the management and the customers to achieve their desired outcomes.

**Keywords:** Customer Commitment, Value Co-Creation, Financial Products, Customer Loyalty

**Introduction**

The Companies Act and the Banking Act govern the Pakistani banking sector. At the same time, the industry’s mandate falls under the state bank of Pakistan, which gives it the authority to issue various prudential guidelines and policies to regulate the industry. The financial sector in Pakistan has experienced significant changes over the last couple of decades. Kombo (2015) affirms that with the changes, the financial products have increased, improved customer commitment, created value, and brought loyalty to banking customers.

During the period, several new products in the financial sector were witnessed. These products were; plastic money, electronic money (e-money), automatic teller machines (ATMs), and Islamic banking, amongst other innovative products and services within the banking sector. The main factors that impact the level of demand for credit from the financial institutions are; high rates of interest charged on loans, high transaction costs, bureaucratic loan process, asymmetric information, and collateral risk (Meloso, 2015). According to Msoka and Msoka (2014), borrowers lack access to credit from banks because they cannot provide accurate information on their financial status. Lack of collateral, cumbersome lending procedures, high credit cost, and prolonged physical distance to the nearest financial services. These factors have led to clients shunning bank services and products while opting for alternative financial solutions. Banks realize that no other banks can offer all products and end up being the best or the leading bank preferred by all customers. The banks look for other competitive bases and improve the quality of their customers’ products and services (Ombok et al., 2014).

Retaining clients is vital for Financial Institutions because it reduces administrative costs, lowers default risks, and increases the average loan balance and institutions’ productivity. However, these institutions have been experiencing high dropouts and inactivity from their clients. They averaged a minimum of 35% to as high as 45% per annum. According to Riria, Chair of the Women’s World Banking Board, all financial institutions have clients who decide to exit the organization. Clients may leave for positive reasons, such as outgrowing the size of the bank’s loans and graduating to formal sector finance. The negative reasons for clients leaving are business failures or a bad experience with the bank. Repeat borrowing is critical for the long-term viability of institutions that provide invaluable financial services to low-income households in Pakistan. In practice, however, several banks are experiencing high client inactivity. Terminating the lender-client
The banking industry is highly competitive; banks compete not only with each other but with the rising number of institutions offering financial services (Gautam, 2012). Therefore, customer retention is an influential tool banks can use to gain a strategic advantage and survive in today’s ever-increasing banking competitive environment. Acquisition of a new customer costs the organization five times the cost used to satisfy and retain the current customer. In addition, a 2% increase in customer retention has the same effect as decreasing costs by 10% in the banking industry.

The traditional banks in Pakistan provided access to credit for the rural and urban, low-income earners, middle and upper class, organizations, and societies at large. Microfinance banks provide the entire flexible structures and processes by which financial services are delivered to micro-entrepreneurs on a sustainable basis that will bring commitment among the banking customers and create value and loyalty among them. In this challenging environment, it is essential to study factors that influence the usage of self-service channels in financial products introduced by the advancement of technology in this industry, such as ATMs, internet banking, and, more recently, mobile banking (m-banking) services (Thakur, 2014). In the banking sector, customers are increasingly pressed for time and seek a channel that offers them convenience anytime and anywhere to satisfy their banking needs.

The banking sector has started providing financial products and services with specific information about accounts, such as balance inquiries and utility bill payments. Now banks are facilitating customers with full-fledged financial products and services such as fund transfer, fee payments, requests to issue payment order/demand draft, and even cardless cash withdrawals are becoming possible with this technology (Farah, 2018). These telecommunication devices are easy to carry out with customers everywhere and remain always switched on, which become a reason for their popularity (Smutkupt, Krairit, & Esichaikul, 2010). It is convenient for the customer because they can satisfy their banking need at their preferred time (Daud, Kassim, Said, & Noor, 2011). Mobile banking technology even removes the limitation of using websites and personal computers to perform banking transactions (Riivari, 2005).

The central bank of Pakistan (SBP) took the initiative with the Pakistan telecommunication authority in (2012) to use mobile banking technology as a tool used in financial transactions. The purpose of signing this memorandum of association is to organize a governess system and technological framework to help provide suitable security and low-cost financial products for the customer for mutual benefits. These steps give tremendous results to the banks. Competition is increasing daily in the industry, and technology is also changing the way of doing business. In this situation, the banks must maintain their relationship with the customer and enhance their loyalty to the bank. According to service marketing literature, customer loyalty is the customer’s
willingness to build and maintain long-lasting relationships with a specific brand and organization and recommend such brands or organizations to others (Iglesias, Markovic, Bagherzadeh, & Singh, 2018).

Recent research suggests value co-creation is essential in giving an organization a competitive advantage. Value Co-creation reveals that the customer is a co-developer in the service production process, spending time sharing information and participating in the decision-making. With the advancement of technology, the relationship between clients and banks is changing in the banking sector. A bank is now providing a safe virtual environment to their customer, which helps them perform their transaction without any physical interaction with the bank or by visiting the branch (Martovoy & Santos, 2012). Customers participate in the co-creation process and generate new value for themselves, other customers in the market, and the firm. This study investigates the moderating relationship between the customer’s financial products’ co-creation, commitment, and loyalty.

Customers always strive to use the financial products and services of banks that offer superior technology services in this sector. The issue of inactivity is one of the significant issues in Mobile banking in Pakistan. The factor of continuous mobile banking service use is also an issue for the Banks because of rapid technological changes. Recent research has suggested that positive feelings and emotions toward a brand can be developed by co-creation activities (Ind, Iglesias, & Markovic, 2017). Nevertheless, there are limited studies relating co-creation to the behavioral and rational outcome factors such as customer loyalty. So these suggestions of recent literature give a complete direction to expand future research and identify the gap. So in this study, we have identified a gap with the support of literature that there is a need to study the interactional variable co-creation and commitment as a variable leading to customer loyalty. Our research fills this gap by examining an interactional variable, i.e., financial products, to see the overall impact on customer commitment, value creation, and loyalty.

The objective of this research is to explore the factors which influence the loyalty of the customer to use the mobile banking system in Pakistan to disseminate the banks’ financial products.
1. To investigate financial products moderate the relationship between customer commitment, value co-creation, and customer loyalty
2. To examine the effect of customer commitment, value co-creation, and customer loyalty in the banking sector

Literature Review

Customer loyalty
In services marketing, customer loyalty can be defined as the customer’s willingness to build a long-term relationship with a specific brand, and recommend such brand to other people” (Iglesias
Generally, customer loyalty can be defined as a customer’s intention to re-purchase a product or service that promotes its repeated purchase. Customer loyalty is considered a complex variable due to different coexisting perceptions in its conceptualization (Majumdar, 2005). The loyal customer always re-purchases products and services whenever possible from the same supplier and recommends this product and service to others in the future (Kandampully & Suhartanto, 2000). Previous studies state that loyal customers are a source of expanding market share for an organization as they generate positive word of mouth and strong recommendations. When a customer becomes loyal to an organization, he will be more willing to pay for that product and service. (Gee, Coates, & Nicholson, 2008).

Literature classifies loyalty in two broader dimensions (Kumar, Shah, & Venkatesan, 2006) behavioral and attitudinal. Re-purchasing a product and service from the same supplier indicates behavioral loyalty. When a customer is loyal to an organization in terms of his behavior, he will visit that supplier again and again and perform actual behavior in terms of re-purchase products and services. At the same time, the attitudinal approach is different from the behavioral perspective of loyalty. The attitudinal loyalty approach states the customer’s attitude, which makes up different emotion of the customer toward a product, service, or retailer. Even if customers do not purchase the product or service from that supplier, he recommends their supplier’s service (Kursunluoglu, 2011). For an organization, it is very important to develop customer loyalty as it increases the firm’s profitability. It is costly to acquire new customers compared to retaining an existing customer. Organizations have to pay lower costs while dealing with loyal customers rather than catching new ones (Oly Ndubisi & Sinti, 2006).

**Customer commitment**

Commitment is key to maintaining relationships between firm and customer in service marketing (Chai, Malhotra, & Dash, 2015). Commitment can be defined as one partner’s confidence in the effort of another partner to maintain a relationship (Morgan & Hunt, 1994). It can be considered as the desire of the customer to sustain a valued relationship on a continuance basis. A customer commits to any product and service and then tries to fulfill his commitment. Commitment can describe a psychological motivation that influences the perception of the individual to remain in a relationship with a particular object (Jones, Taylor, & Bansal, 2008), Therefore (Chai et al., 2015) in their study show the different psychological conditions which are fundamental for a long lasting relationship with the vendor.

Commitment is also an indicator of deriving relationship interaction between customers and service providers (Liang & Wang, 2007). According to the commitment expanding theory by (Allen and Meyer, 1990), there are three commitment constructs. Affective, normative and calculative commitment (Cater & Zabkar, 2009; Fullerton, 2011; Sumaedi, Juniarti, & Bakti, 2015). Affective commitment is a customer’s emotional attachment toward a brand, product, and service. Calculative commitment can be described as the degree to which the customer perceives...
a sustained relationship to avoid the switching cost (Verhoef, Hans Franses, & Hoekstra, 2002). Another form of commitment is normative, which can be defined as the level to which customers are normatively committed to any store and firm because they ought to (Sharma, Young, & Wilkinson, 2015). Previous studies have identified that trust plays an important role in building long-term relationships (Chen & Quester, 2015). It is identified that customer commitment is an important variable that increases customers’ loyalty. If the customer is more committed to the bank, then his loyalty will also increase in the future (Strandberg, Wahlberg, & Öhman, 2015).

Value Co-Creation
Co-creation is when an organization welcomes the customer to provide feedback about their brands and invites the exchange of their knowledge and ideas with the firm to develop new offerings. (Iglesias et al., 2018). First, according to goods- the dominant logic of market view, it was considered that firm/company is the value creator for the customer. However, service-dominant logic changes this concept of value creation. The findings of (Vargo & Lusch, 2004a, 2004b) stated that the organization creates value. However, other actors create value for the organization, such as employee, government, stockholder, and customers. However, recent studies emphasize customer is the most critical actor because he is the beneficiary of the design of products and services (Vargo & Lusch, 2008).

Value co-creation is a perspective that considers the customer a co-developer who shares information and ideas and puts his time and effort into decision-making during the service production process (Durugbo, 2014). Value co-creation is an essential and emerging concept in business management and service marketing (Saarijärvi, Kannan, & Kuusela, 2013, Khan & Ali, 2019).

Value co-creation behavior can be considered in many forms, such as providing information, advice, and resources to assist the consumer and deliver the service (Jaakkola & Alexander, 2014; Yi & Gong, 2013). It also shares an idea about the service outcomes, including the customer’s suggestion to the firm. Customer is also a key component of value co-creation stated by the service-dominant logic approach (Grönroos, 2011, Khan, 2018). According to the service-centered logic, co-creation is a broader concept to produce value through the mutual process between customer, firm, or other actors in the market (Ind & Coates, 2013). Actors in this process of exchange share their intangible resources such as their knowledge, skill, expertise and ideas for mutual benefit (Fisher & Smith, 2011). This function of customer participation in and close interaction of customer with the firm known as value co-creation and is a crucial element of service-Dominant Logic (SDL) (Chathoth, Ungson, Harrington, & Chan, 2016, Umair & Khan, 2021). (Yi & Gong, 2013) “Define co-creation behavior in two broader concepts: consumer participation behavior and citizenship behavior. Customer participation refers to the in-role behavior needed for successful co-creation behavior. On the other hand, consumer citizenship behavior states that co-creation is voluntary and involves extra-role behavior. It brings extra value, which refers to the in-role
behaviors needed for successful value co-creation and consumer citizenship behavior, which is a voluntary, extra-role behavior that is not necessarily required for co-creation.

These researches explore that the participation behavior of the customer involves the information seeking, such as looking for the information on how to perform a specific job, and also includes cooperative behavior and personal interaction behavior such as courtesy, friendliness, and respect. Citizenship behavior is different from the participation behavior of the customer as it includes feedback behavior, suggestion, recommendations, helping, and tolerance. The exchange of values between organization and customer develops a long-term relationship. It gives an advantage to both parties, this process build clearness in the production of the service and product, which builds a reciprocal trust between producer and customer (Prahalad & Ramaswamy, 2004).

**Hypotheses Summary**

Based on the above-discussed literature, research objectives, and the problem identified in the introduction section, the following hypotheses have been formulated for the analysis purpose;

H1: Customer Commitment has a positive relationship with banking customer loyalty
H2: Value co-creation has a positive relationship with banking customer loyalty
H3: Financial products moderates the relationship between customer commitment and banking customer loyalty
H4: Financial products moderates the relation between value co-creation and banking customer loyalty

**Theory and Conceptual Framework**

“Social exchange theory (Homans & Behavior, 1961) proposes that individuals exchange resources, tangible or intangible; to achieve certain goals and that those individuals evaluate alternative exchanges based on their benefit”. So it predicts that customers are constantly engaging in value co-creation behavior because of the benefits (Financial Products and Services) they get in the future with this relationship. Based on the above-discussed literature and hypothesis development, the following research frame has been framed for the current study.
Methodology
The research design refers to procedures and methods used to collect and analyze data for a particular study (Zikmund, Carr, Griffi, & Fuller-jacobsen, 2010). However, the present study is quantitative. The target population of this study is the banking customer using financial products physically and online. Our study includes the central commercial banks of Pakistan, which are Habib Bank Limited, Allied Bank Limited, United Bank Limited, Muslim Commercial Limited Banks, and others that offer internet banking to their customers in Pakistan. A convenient sampling technique is used in this study to get the responses from the population. The questionnaire is adapted from previous research that was in the English language, and a Self-administered questionnaire of five Likert scales was used to gather data. We checked the hypothesis using the Partial Least Square (PLS) Structural Equation Modeling (SEM) technique.

Results and Discussion

Response Rate and Data Screening
The data used for this research were collected from the customers of banks using mobile banking services in Pakistan. Besides, out of 350 distributed questionnaires, 295 respondents returned the questionnaires, and the entire questionnaire was considered valid.

Table 1: A response rate of questionnaire

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Questionnaires</td>
<td>400</td>
</tr>
<tr>
<td>Questionnaires returned</td>
<td>295</td>
</tr>
</tbody>
</table>
Because of different respondents and their mistakes, data in raw form requires screening out to change into a useable form. In the preliminary analysis, we did a statistical analysis that included missing values, normality tests, outlier analysis, and common method bias effect. The details of the initial analysis for data screening are provided in the following sections. The statistical analysis method was used to check the outlier, and the following cases were identified (47, 76, 135, 134, 219, 214) as outliers.

### Table 2: Demographic Profile of Respondents

<table>
<thead>
<tr>
<th>Demographic Variable</th>
<th>Frequency</th>
<th>% total Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bank Account</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Habib Bank Limited</td>
<td>72</td>
<td>18</td>
</tr>
<tr>
<td>Allied Bank Limited</td>
<td>82</td>
<td>21</td>
</tr>
<tr>
<td>United Bank Limited</td>
<td>86</td>
<td>22</td>
</tr>
<tr>
<td>Muslim Commercial Bank Limited</td>
<td>91</td>
<td>23</td>
</tr>
<tr>
<td>Others</td>
<td>63</td>
<td>16</td>
</tr>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>274</td>
<td>70</td>
</tr>
<tr>
<td>Female</td>
<td>120</td>
<td>30</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below 20</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>20-29</td>
<td>178</td>
<td>45</td>
</tr>
<tr>
<td>30-39</td>
<td>149</td>
<td>38</td>
</tr>
<tr>
<td>40-49</td>
<td>56</td>
<td>14</td>
</tr>
<tr>
<td>Above 50</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td><strong>Education level</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below metric</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Intermediate</td>
<td>140</td>
<td>35</td>
</tr>
<tr>
<td>Bachelor</td>
<td>168</td>
<td>42</td>
</tr>
<tr>
<td>Master or above</td>
<td>81</td>
<td>21</td>
</tr>
<tr>
<td>Others</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td><strong>Employment Status</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student</td>
<td>18</td>
<td>5</td>
</tr>
<tr>
<td>Self-employed</td>
<td>165</td>
<td>41</td>
</tr>
<tr>
<td>Salaried person</td>
<td>193</td>
<td>49</td>
</tr>
<tr>
<td>House wife</td>
<td>16</td>
<td>4</td>
</tr>
<tr>
<td>Others</td>
<td>02</td>
<td>1</td>
</tr>
<tr>
<td><strong>Usage frequency</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-3 time per month</td>
<td>73</td>
<td>19</td>
</tr>
<tr>
<td>4-6 time per month</td>
<td>234</td>
<td>59</td>
</tr>
<tr>
<td>7-9 per month</td>
<td>66</td>
<td>16</td>
</tr>
</tbody>
</table>
Assessment of Measurement Model

At the first step, the quality criteria have been analyzed to check whether the data is reliable and valid for hypothesis testing. Therefore, an assessment of the measurement model is conducted on PLS-SEM to understand each item’s loading and structure of the model according to theoretical linkage. Moreover, the model has been analyzed by running the algorithm test on 300 standard iterations. This test enables the researcher to identify each construct’s reliability and see each item’s loading and variance inflation factor to ensure the data’s validity and consistency. It is the primary criteria to move on to the second step, hypothesis testing and structural equation modeling (F. Hair Jr., J., Sarstedt, M., Hopkins, L., & G. Kuppelwieser, 2014).

The appropriateness of the measurement model, also known as an outer model, can be verified by checking the reliability of individual items, which is the internal consistency reliability and reliability of each indicator by using composite reliability (CR) criteria. Secondly, convergent validity is further established by observing the loading of each item by fulfilling the standard criteria of more than 0.40 loading and a threshold of 0.708, which is accumulative, should be more than 0.50 to establish average variance extracted (AVE) to confirm the convergent validity. Further, discriminant validity could be identified to see whether the constructs are different from each other. Apart from Cronbach alpha, composite reliability (CR) should not consider equal loading of indicators in each construct. Accordingly, the threshold of CR should be above 0.70 for confirmatory factor analysis. However, in the current study, the results exceed the threshold of 0.70, and also the study has well established the AVE criteria, and discriminant validity is also established, as stated in Table 3 (F. Hair Jr., Sarstedt, Hopkins, & G. Kuppelwieser, 2014b; Hair et al., 2010).

Table 3: Factor loadings, Composite reliability, and AVE

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Items</th>
<th>Loadings</th>
<th>Composite Reliability</th>
<th>AVE</th>
<th>Inner VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Commitment</td>
<td>CC1</td>
<td>0.816</td>
<td>0.86</td>
<td>0.583</td>
<td>1.383</td>
</tr>
<tr>
<td></td>
<td>CC2</td>
<td>0.808</td>
<td></td>
<td></td>
<td>1.540</td>
</tr>
<tr>
<td></td>
<td>CC3</td>
<td>0.732</td>
<td></td>
<td></td>
<td>1.634</td>
</tr>
<tr>
<td></td>
<td>CC4</td>
<td>0.658</td>
<td></td>
<td></td>
<td>1.239</td>
</tr>
</tbody>
</table>

Webology (ISSN: 1735-188X)
Volume 18, Number 5, 2021

http://www.webology.org
Lastly, the Table 3 exhibits that the composite reliability of all variables is more than 0.70. Therefore it reveals that most of the constructs have a consistency more than the recommended threshold value.

Structural Model Assessment
The structural model assessment, also known as the inner model, has been executed after fulfillment of quality criteria, also known as measurement model assessment, to observe the hypothetical results of the established hypothesis of the study. The results revealed that all the hypotheses are significant and exceed the threshold value, which is the t-value must be more than 1.64 in the case of the directional hypothesis. Therefore, the decision has supported all the direct hypotheses of the study (F. Hair Jr et al., 2014a). Moreover, based on the recommendations of (Henseler, Ringle, & Sarstedt, 2014), which explains the P-value, t-value, and standard error criteria. Based on this recommendation, the results have been reported in table 4. While, the t-values in current research have resulted from the bootstrapping (with 5000 sampling iterations for 278 cases/observations) also recommended by (Hair, Ringle, & Sarstedt, 2013).

Table 4: Results of hypothesis testing (Direct effects)

<table>
<thead>
<tr>
<th>Direct Hypotheses</th>
<th>Beta</th>
<th>SD</th>
<th>T Stats</th>
<th>P Values</th>
<th>Decision</th>
<th>F-Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Commitment -&gt;</td>
<td>0.182</td>
<td>0.066</td>
<td>2.772</td>
<td>0.006</td>
<td>Supported</td>
<td>.036</td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value Co-Creation -&gt;</td>
<td>0.127</td>
<td>0.061</td>
<td>2.062</td>
<td>0.039</td>
<td>Supported</td>
<td>.019</td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 4 indicates that the hypothesis supported in this current research has a p-value of less than 0.05. Therefore, all the hypothesis in direct relation is supported in this study.

**Moderator Analysis**
Moderator of financial products has been introduced to strengthen the relationship between customer commitment, value co-creation, and banking customer loyalty. The results revealed that the relationship strengthens by all means in the case of increased financial products and services to the customers. The test is conducted using SmartPLS-SEM, and this tool is the best suitable technique to identify the moderating effect of a single click. The results are elaborated in the following table 5.

**Table 5: Moderator Hypothesis Testing**

<table>
<thead>
<tr>
<th>Moderation Hypotheses</th>
<th>Beta</th>
<th>SD</th>
<th>T Stats</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Products &amp; Customer Commitment -&gt; Customer Loyalty</td>
<td>0.123</td>
<td>0.066</td>
<td>1.853</td>
<td>0.04</td>
</tr>
<tr>
<td>Financial Products &amp; Value co creation -&gt; Customer Loyalty</td>
<td>0.126</td>
<td>0.054</td>
<td>2.322</td>
<td>0.02</td>
</tr>
</tbody>
</table>

Table 5 also demonstrates that financial products moderates the relationship between customer commitment, value co-creation, and customer loyalty.

**DISCUSSION, RECOMMENDATION & CONCLUSION**
The study was conducted to empirically investigate the associations between customer commitment, Value co-creation, financial products, and customer loyalty. Multiple regressions analysis was conducted to test hypotheses. Firstly, the direct correlations between the variables are discussed. Secondly, the moderating effect of financial products in predicting customer loyalty was also checked. All hypotheses were found significant.

**The direct relationship between customer commitment and customer loyalty in the perspective of Financial Products and Services**
Our study proposed a relation between customer commitments with customer loyalty. Results of our study show the positive and significant impact of customer commitment on customer loyalty. These results show that when customer commitment is high, it increases customer loyalty positively as it will also be high. For example, a study conducted by (Fullerton, 2011) reveals that customer commitment has a significant and positive relationship with customer loyalty in business-to-customer relations. Other researchers proposed that commitment will lead to the intention to maintain the relationship and future purchase intention (Garbarino & Johnson, 1999). The theory of a commitment trust relationship states that commitment is an essential factor that builds a successful relationship (Morgan & Hunt, 1994).
A study by (Tabrani, Amin, & Nizam, 2018) stated that commitment has a significant relationship with customer loyalty. Customer commitment is the customer’s desire to build a long-term relationship with the supplier. When customer commitment is high, then customer loyalty will also be increased. Our study conforms to this previous literature in support of the positive relationship between customer commitment and customer loyalty. When a customer is committed to the bank, his loyalty will be increased with that bank. In Pakistan, all the banks are providing mobile banking services to the customer, so the factor of competition is increasing day by day. Customers also commit with several banks.

The direct relationship between value co-creation and customer loyalty in the Perspective of Financial Products and Services

First, our study proposed a relationship between Value co-creation and customer loyalty based on previous studies. Our study’s findings show a significant and positive relationship between value co-creation and customer loyalty, implying that when value co-creation is high, customer loyalty will also increase with the effect. Previous studies have examined the relationship between value co-creation and customer loyalty, and their findings comply with our study’s findings. Further, (Hajli, Shanmugam, Papagiannidis, Zahay, & Richard, 2017) found that co-creation increases customer loyalty with the help of their participation in online brand communities, where customers develop trust in the brand.

Co-creation reduces the flaws of product and services as customer complaints are handled with the help of dialogue and integration with the buyer, establishes co-creation, and help attract and retain customer (Dong, Evans, & Zou, 2008). According to the service-dominant logic, the customer is the critical element of value co-creation. When the customer perceives that the product and service delivered by the bank are according to the customer’s requirement, he will reuse that product and service from the same bank repeatedly. The customer is the actual benefit of the product and service (Vargo & Lusch, 2004a). So, when a product is designed with the customer’s participation and citizenship behavior of the customer, then it attracts the customer’s attention and maintains his loyalty.

A study by (Cossío-Silva, Revilla-Camacho, Vega-Vázquez, & Palacios-Florencio, 2016) Found that customer co-creation behavior boosts customer loyalty. Further, (Polo Peña, Frías Jamilena, & Rodríguez Molina, 2014) Revealed that co-creation positively influences customer loyalty in travel service. Mobile banking transaction is critical in terms of consumer safety because, in these transactions, the customer is not physically interacting with the bank’s staff. Instead, they conduct these transactions virtually, so in this type of transaction, it is imperative for the service provider to continuously consider the feedback and participation of the customer to create value and provide them better service to maintain their loyalty. The results of our study confirm the previous literature that a level of high-value co-creation leads to high customer loyalty.
Financial Products as a moderator between customer commitment, Value co-creation, and customer loyalty

The study’s findings support this hypothesis and show that financial products have positive customer loyalty as a moderator. As the financial products and services increase the relationship between customer commitments, Value co-creation will be higher with customer loyalty. When financial products and services are high, the customer will be more familiar with the bank’s services and knowledgeable about the design product and service. Then, his commitment will be higher to that organization, creating customer loyalty. Previous studies have investigated the effect of financial products on customer retention and found different results regarding their influences.

However, no consensus has emerged about the benefits (and costs) of financial products for service providers. Some studies have argued that financial services are effective for value co-creation (Vargo & Lusch, 2004b) and could help deliver customer insight that helps retain existing customers (Canavan, Henchion, & O’Reilly, 2007). Many of the studies found the positive effect of financial products. The results of our study are in line with the study which measure the effect of customer commitment and loyalty as the financial products and services increase and also found that there is a positive effect of the financial products (Delgado-ballester & Munuera-alema, 2001). The customer believes that executives designing the policy in the higher offices should create and design more valuable products and services for the customers to keep them committed and loyal to the banks.

5.3 Implication of the study

Technological advancement is changing the banking industry’s business (Sohail & Al-Jabri, 2014). Our study helps generate customer loyalty in these changing phenomena of technology. In terms of theoretical contribution, this study improves the existing literature, and the findings and the proposed framework serve as a practical academic for researchers to enhance their future research. In addition, this study contributes to the body of knowledge, especially on the ability to build repurchase behavior with moderating effects of financial products.

Information and transactions change due to technological advancement (Aboelmaged & Gebba, 2013). This study also helps the practitioners to identify the different drivers and challenges leading to the continuance use of mobile banking technology to bring advancements in financial products and services. It also helps banks’ management consider the customer’s participation while designing technology-based services. Any organization must identify and forecast the desire of the customer to develop any product for the customer. When products and offers are designed following the demand of the customer then, it will helps the banks to maintain the loyalty of their customer, which leads to an increase the profitability and market share.

Many studies highlight the issue of mobile banking acceptance in Pakistan. However, there is limited research regarding retaining the customer of mobile banking services with banks. This
research studies the value of co-creation and customer commitment with customer loyalty in banks’ financial products and services. In this study, issues of inactivity and security concerning financial products are less highlighted, so there is a need to study a variable which involves the customer through their participation, ideas, knowledge, and feedback. Therefore value co-creation has been chosen in this study to open further avenues for future studies.

Moderating effect of switching costs and customer involvement is also studied in this research, which theoretically contributes to retaining the customer with a mobile banking account. When customer participation and citizenship behavior are involved in the design process of the product and service, it generates the familiarity of the product customer, creating loyalty. Today there is much competition in the market for banking services. Every bank provides value-added service to their customer with mobile banking service at a lower price, so it is hard for the manager to retain the customer. So this study is significant for the management to design the mobile banking service policy to give the customer that their participation and citizenship behavior is considered the organization to develop the offering services.

Limitations and Directions for Future studies
This study was limited to major cities of Pakistan. For better generalizability of the model, the research may extend it by increasing the number of samples and considering every geographical place in Pakistan. In this, we have chosen five big commercial banks of Pakistan for data collection from the banking industry of Pakistan. So considering other commercial and microfinance banks will give more reliable results. The study design was cross-sectional, which may increase the biasness of the respondents. So, longitudinal studies should be done to get the quality results and a better understanding of the phenomenon. Previous studies stated that many actors are involved in the value co-creation process; in our research, we study value co-creation from a customer perspective. Other actors need to be studied in the future, such as employees of the banks.

References


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