

Effective Complaint Handling Systems, Customer Loyalty, and Sustainable Financial Performance in Pakistani Banks: A Marketing and Accounting Perspective Using PLS-SM

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Abstract

Focus of this study is to find out the important factors or determinants that would help the organization for developing an effective complaint handling system in Pakistan. Furthermore, the study also tries to explore the relationship exists between those extracted determinants and customer loyalty. For this purpose, a survey based on a five-point Likert Scale has been conducted to collect the primary data from the individual bank customers. 315 respondents of different banks situated in Pakistan are the sample size of this study. Out of 315 respondents, 300 respondents successfully filled the questionnaire and returned it to the researcher which means the response rate is almost 95.24%. After conducting the detailed analysis, nine (9) important factors or determinants i.e., visibility, accessibility, responsiveness, objectivity, confidentiality, complaint handling charges, customer focused approach, accountability and continual improvements are found which may help for developing an effective complaint handling system. PLS analysis shows that, the hypothesis related to accountability, customer focused approach, continual improvements, confidentiality, objectivity, responsiveness, and visibility are accepted because of significant p values while the hypothesis related to accessibility and complaint handling charges are not accepted due to greater/insignificant p values.

Keywords: Visibility, Accessibility, Responsiveness, Objectivity, Confidentiality, Complaint Handling Charges, Customer Focused Approach, Accountability, Continual Improvements, Complaint Handling System, Customer Loyalty, Marketing

Introduction

Effective complaint handling is crucial for businesses, especially in the service industry, as it directly impacts customer loyalty. A well-functioning complaint handling system can not only resolve customer issues but also enhance customer satisfaction and loyalty (Susanti, 2021). In the context of Pakistani banks,

understanding the determinants of an effective complaint handling system and its impact on customer loyalty is of great importance.

Several studies have explored the relationship between complaint handling and customer loyalty in different industries. For example, a study conducted in the Indonesian banking industry found that complaint handling satisfaction mediates the relationship between complaint handling and customer loyalty (Susanti, 2021). Similar to this, a study of the airline industry (Ahmed et al., 2020) focused on the financial aspects of complaint management and how it affected customer loyalty. These studies highlight the significance of several elements, including response speed, complaint resolution effectiveness, executives' attitude, brand perception, and reaction to complaints, in exerting an impact on customer loyalty.

The investigation of social media's role as a medium for addressing complaints has also been subject to scholarly examination. Amidst the COVID-19 outbreak, prominent banks in Pakistan introduced novel protocols for managing customer complaints on social media sites. According to Agnihotri et al. (2021), it was discovered that these attempts resulted in a reduction in customer retribution and unfavorable electronic word-of-mouth (eWOM). This underscores the importance of tailored and efficient complaint management attempts in shaping customer conduct.

Moreover, empirical research has demonstrated that customer satisfaction plays a vital role in mediating the association between complaint handling and customer loyalty. According to Varela-Neira et al. (2010), the implementation of efficient complaint handling practices has been found to result in heightened levels of customer satisfaction, leading to the strengthening of customer loyalty. The researchers, Iqbal et al. (2017), have investigated the interconnectedness of corporate image, service quality, customer satisfaction, and customer loyalty. Their study reveals that the handling of complaints has a moderating role in the link between customer satisfaction and customer loyalty.

In the specific context of Pakistani banks, an examination of public banking in Indonesia conducted by Salim et al. (2018) demonstrated that the management of customer complaints holds the highest coefficient value in fostering customer satisfaction and influencing customer loyalty. According to Singh et al. (2016), the implementation of effective practices in handling complaints has the potential to foster trust and loyalty among customers who voice their concerns.

With respect to an effective complaint handling system and its effect on customer loyalty for the banking sector. Jiang et al. (2014) did a qualitative study in China to investigate the patient complaint handling system in hospitals and identify the obstacles that hinder the successful management of complaints. This study emphasizes the significance of eliminating obstacles encountered at various phases of the complaint handling process to maintain efficient administration.

The importance of proficient complaint management cannot be overstated in the banking sector as it plays a pivotal role in bolstering consumer loyalty. Various factors, including the speed of response, the effectiveness of complaint resolution, the attempts of executives, the perception of the brand, and the level of responsiveness to complaints, exert a substantial influence on customer loyalty. Furthermore, the

significance of customer satisfaction and the use of social media platforms for the purpose of complaint resolution should be considered. Gaining insight into the factors that influence the efficacy of complaint processing and overcoming obstacles will assist Pakistani banks in enhancing their complaint management processes and fostering client loyalty.

Literature Review

Numerous scholarly investigations have been conducted to explore the correlation between service quality, client happiness, and loyalty within the banking industry (Famiyeh et al., 2018). A study was undertaken in the banking industry of Ghana, whereby it was discovered that service quality exerts a substantial influence on both customer happiness and loyalty. The moderating role of organizational culture in this association was also emphasized by the researchers. This research offers valuable insights into the relative significance of service dimensions and the factors that influence customer satisfaction and loyalty.

The evaluation of service quality in personal online banking and its impact on customer loyalty were the main topics of Lu et al.'s (2010) study. The researchers carefully investigated how complaint management affects consumer loyalty. The customer loyalty model in the research model included complaint management as a variable and looked at its impact. With a focus on the area of complaint management, the study done by Lu et al. (2010) offers useful insights into the interactions between service quality, customer satisfaction, and customer loyalty.

Bhat et al. (2018) underlined the importance of customer loyalty within the banking industry in their study. They highlighted that element like customer trust, customer happiness, and customer knowledge management precede and affect loyalty. To maintain a competitive advantage in the market, banks must understand the elements that influence client loyalty, claim Bhat et al. (2018).

Ahmed et al.'s (2020) research looked at how addressing customer service issues and complaints affected the airline industry's bottom line. According to the study's findings, several factors, including response time, how well complaints are managed, CEO initiatives, a company's reputation, and how it handles customer complaints, have a significant impact on customer loyalty. The current study provides insightful data on the financial impacts of handling customer complaints, especially considering the idea of customer loyalty (Ahmed et al., 2020).

A conceptual framework was developed by Varela-Neira et al. (2010) with the intention of analyzing the factors influencing customer satisfaction with complaint handling. This model considers elements including emotion, equity, expectations, performance, and unmet expectations. To ensure customer satisfaction, the study shows how important it is to understand consumer expectations and perceived performance in the context of complaint handling.

The links between corporate image, service excellence, client happiness, and client loyalty were investigated in the study by Iqbal et al. (2017). The researchers carefully examined how addressing complaints affected this association's moderating effects. The study by Iqbal et al. (2017) provides evidence that there is a strong correlation

between customer pleasure and loyalty. Additionally, the research highlights how efficiently handling the complaints can boost customer loyalty and happiness.

In their study, Adzhigalieva et al. (2022) thoroughly analyzed the body of recent literature to examine the effects of complaint management and service recovery on customer satisfaction, loyalty, and retention. The researchers created a theoretical framework to clarify how complaint processing and service recovery impact client satisfaction, fidelity, and retention. According to Adzhigalieva et al.'s study from this year, good complaint handling and service recovery are crucial for maintaining customer happiness, loyalty, and retention.

Hussain (2023) explains the customer loyalty can be achieved by virtue of an effective complaint handling system. It serves the purpose of impulsive buying for prospective customers. The companies are making their utmost effort to ensure customer satisfaction through this approach. However, the conscious consumerism which ensures the application of sustainable approaches in businesses is also achieved with the help of effective complaint handling system. This conscious consumerism is directly linked with modern view of sustainable consumer practices on behalf of the companies (Hussain, 2025).

The Susanti (2021) study examined how resolving complaints affected customer loyalty and the effect it had on customer satisfaction. Susanti's study (2021) highlights the mediation function of complaint handling satisfaction in the relationship between complaint handling and customer loyalty.

In their 2018 study, Salim et al. looked at how customer satisfaction functions as a mediating element in the relationship between customer complaints and customer loyalty. Customer loyalty, customer happiness, and the handling of customer complaints were found to be highly connected. Our understanding of the importance of complaint management in the development of customer satisfaction and its impact on customer loyalty is improved by the study conducted by Salim et al. (2018).

In their research, Shammout and Haddad (2014) undertook a study to examine the effects of complaint handling on customer satisfaction within the context of commercial banks in Jordan. The results of their study demonstrated a noteworthy influence of various parameters related to complaint management, including service recovery, service quality, switching cost, service failure, service guarantee, and perceived value, on the level of customer satisfaction. This study provides insights into the importance of effective complaint handling in enhancing customer satisfaction (Shammout & Haddad, 2014).

Shanka (2012) identified the relation between banking service quality and customer loyalty. For this purpose, researcher conducted a survey from 260 bank customers of Ethiopian banking industry in Hawassa city. Results indicated that offering good quality service has a positive effect upon customer satisfaction. Results also showed that staff empathy and responsiveness are key elements for awarding satisfaction to their customers, which leads towards customer loyalty.

Kaura (2013) investigated the relationship between service conveniences and customer loyalty through customer satisfaction. For this purpose, a survey from 352 bank customers was conducted in Rajasthan city of India. Researchers used structural

modeling for analyzing the responses recorded by different respondents. After analyzing the data, researcher concluded that service convenience in terms of decision convenience, benefit convenience and transaction convenience has direct influence upon customer satisfaction which leads towards customer's loyalty.

Research Hypotheses

Following are research hypotheses of this study.

H1 Visibility of complaint handling system has significant effect on Customer Loyalty

H2 Accessibility of complaint handling system has significant effect on Customer Loyalty

H3 Responsiveness of complaint handling system has significant effect on Customer Loyalty

H4 Objectivity of complaint handling system has significant effect on Customer Loyalty

H5 Confidentiality of complaint handling system has significant effect on Customer Loyalty

H6 Complaint handling charges of complaint handling system has significant effect on Customer Loyalty

H7 Customer focused approach of complaint handling system has significant effect on Customer Loyalty

H8 Accountability of complaint handling system has significant effect on Customer Loyalty

H9 Continual improvement of complaint handling system has significant effect on Customer Loyalty

Methodology

Primary data was collected from the respondents through a structured questionnaire on 5-point Likert scale base which is important method, and it was treated as most appropriate method for collecting the data from the respondents (Groves et al., 2009). The questionnaire filling process from the salaried persons was personally administered by the researcher. Target population are those salaried persons who have their accounts in different banks (already having complaint handling system) situated in Pakistan such as Standard Chartered Bank, Habib Bank, Al Falah Bank, Muslim Commercial Bank - MCB, National Bank of Pakistan, United Bank, Meezan Bank, Allied Bank, Bank Al Habib and Bank of Punjab. Sample, taken for this study from the total population was 315 salaried persons. Researcher approached only those customers, who are:

Salaried persons (salaried persons are selected because of inaccessibility of other types of account holder and are reluctant to provide the financial information).

Account holder of any bank (from above mentioned 10 banks) situated in Pakistan.

Have some complaints with his bank in the past.

DATA ANALYSIS

For data analysis purposes, 315 Questionnaires are distributed in target respondents, out of which 300 questionnaires were filled and received while 6 were not received, so researcher excludes them from the analysis. Based on the total received questionnaire researcher conclude that, the response rate was almost 95.24%. After collecting the relevant information from the respondents, the data is entered into Smart PLS4 software for analysis purposes. This study provides detailed data analysis by using primary data and provides the results which are obtained from the analysis. Moreover, the author has discussed different demographic characteristics i.e., age, name of associated bank and period of association etc. of respondents and checked whether they have some impact on study or not. After that, researcher found the important factors or determinants of an effective complaint handling system with respect to its customers through factor loading in smart PLS4.

Demographic Information

The following is detailed demographic information regarding target respondents.

Table 1 Demographic Characteristics

Respondent	Demographic Characteristics	Dimensions	Frequency	Percentage
	Gender	Male	231	77%
		Female	69	23%
	Age	Below 20 Years	45	15%
		20 – 30 Years	75	25%
		30 – 40 Years	114	38%
		Above 40 years	66	22%
	Qualification	Matriculation	27	9%
		Intermediate	63	21%
		Bachelor	81	27%
		Master	93	31%
		Other	36	12%
	Average Monthly Account Balance	Below 30,000	42	14%
		30,000 – 50,000	93	31%
		50,000 – 80,000	111	37%
		Above 80,000	54	18%
	Name of Associated Bank	Standard Chartered bank	36	12%
		Habib bank	30	10%
		Al Falah bank	33	11%
		Muslim Commercial bank	36	12%
		National bank	24	8%

		United bank	21	7%
		Meezan bank	27	9%
		Allied bank	30	10%
		Bank Al Habib	36	12%
		Bank of Punjab	27	9%
	Period of Association	Less than 1 year	27	9%
		1 – 3 years	99	33%
		3 – 5 years	84	28%
		More than 5 years	90	30%

Demographic information table depicts total number of males and females who actively participated in the survey and recorded their response by filling the questionnaire. Out of total 300 participated respondents 231 are males which is 77% of total sample respondents whereas 69 respondents are females which are 23% of total sample respondents. It shows that most of the respondents participated in this survey are males.

The above table represents the detailed information about respondent's age. The table shows from total 300 respondents, 45 respondents having the age from below 20 years, 75 respondents are belonging to 20 - 30 years age group, 114 respondents belong to 30 – 40 years age group and 66 respondents having age above 40 years. Is also shown by the table that most of the respondents, i.e., 114, belong to the 30 – 40 years age group.

The above demographic information table provides detailed information about respondent's qualifications. The table shows that 27, 63, 81, 93 and 36 respondents are holding the degree of matriculation, intermediate, bachelor, master, and others i.e., MS or MPhil, respectively. It has also been shown by the table that, out of total respondents most of the respondents are having master's degree.

In the above demographic table detailed information about respondent's average monthly account balance is shown. The table shows that, out of 300 respondents, 42 respondents maintain their account balance below Rs. 30,000, 93 respondents maintain between 30,000 to 50,000, 111 respondents maintain between 50,000 to 80,000 and 54 respondents maintain their average monthly account balance above Rs. 80,000. Table also shows that most of the respondents i.e., 111 maintain their monthly account balance between Rs. 50,000 to Rs. 80,000.

The demographic table provides details about respondent's associated banks for which researcher investigates about the complaint handling system's effectiveness. Table shows that from total 300 respondents, 36, 30, 33, 36, 21, 24, 27, 30, 36 and 27 respondents are associated with Standard Chartered Bank, Habib Bank, Bank Alfalah, Muslim Commercial Bank, National Bank of Pakistan, United Bank, Meezan Bank, Allied Bank, Bank Al Habib and Bank of Punjab respectively. The above table also shows that most of the target respondents i.e., 36 are associated with Standard chartered bank, MCB and BOP.

The above demographic information table provides detailed information about respondent's period of association with their associated banks. It can be observed that,

from the total target respondents, 27 respondents are associated with their bank in less than 1 year. 99 respondents have 1 to 3 years of association with their banks. 84 respondents are associated from 3 to 5 years and 90 respondents having their association period more than 5 years. The result shows that most of the respondents i.e., 99 participated in this survey are associated from 1 to 3 years with their concerned banks.

The Measurement Model

Utilizing each item's reliability, internal consistency, and reliability (composite reliability coefficient), convergent validity, and discriminant validity, the measurement model was used to investigate the rate at which observed latent variables are loaded on their underlying components.

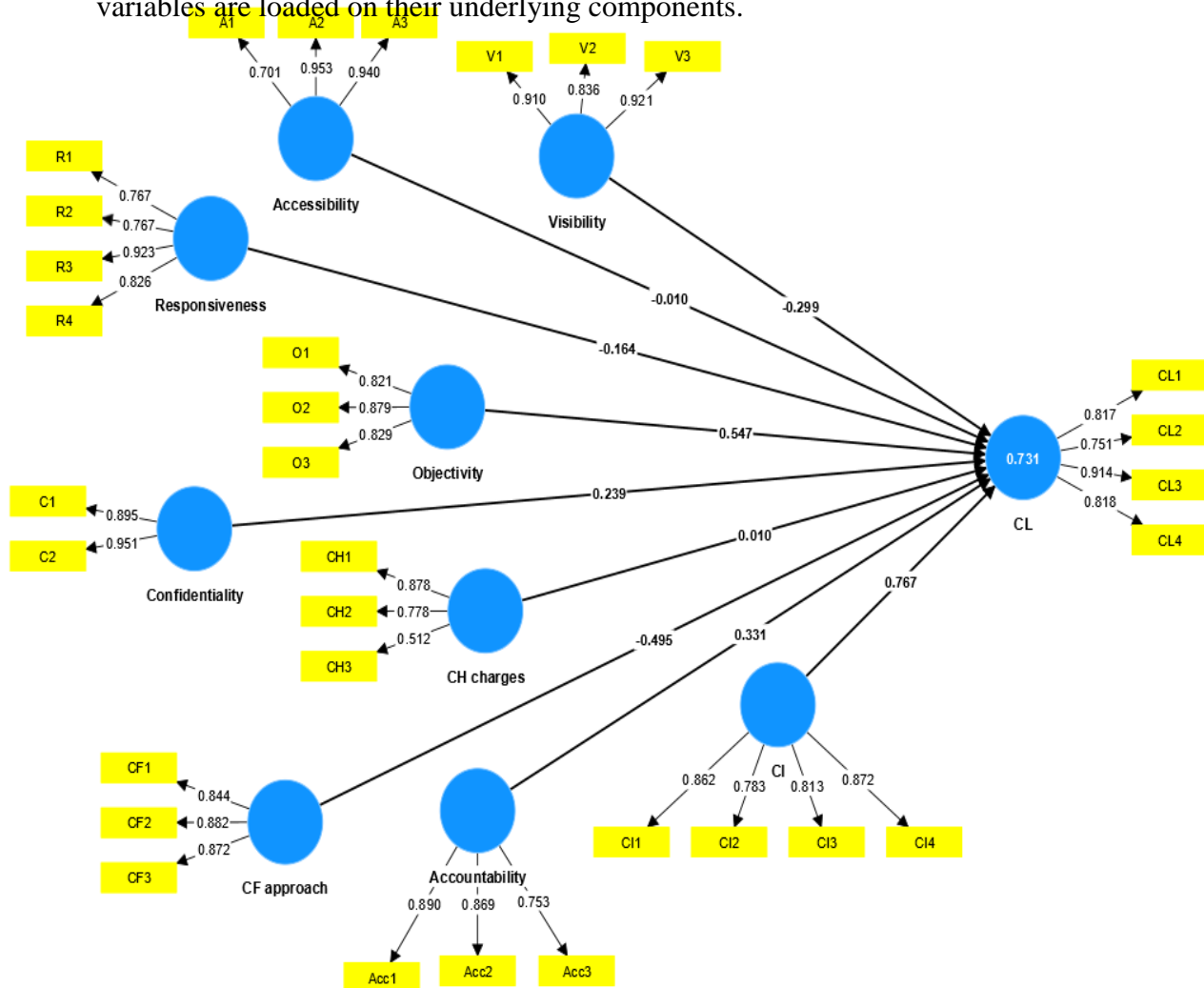


Figure 1: Measurement Model

Construct Reliability and Validity

Table 2 Construct Reliability and Validity

Variables	Cronbach's alpha	(rho_a)	Composite reliability	Average variance extracted (AVE)
Accessibility	0.850	0.962	0.904	0.761
Accountability	0.798	0.852	0.877	0.705
CF approach	0.840	0.885	0.900	0.750
CH charges	0.623	0.702	0.775	0.546
CI	0.854	0.868	0.901	0.694
CL	0.849	0.887	0.896	0.684
Confidentiality	0.832	0.912	0.920	0.853
Objectivity	0.798	0.806	0.88	0.711
Responsiveness	0.840	0.845	0.893	0.678
Visibility	0.872	0.918	0.919	0.792

Sources: PLS SEM-4 RESULT OUT

Table 2 shows that the latent constructs' composite reliability coefficients range from 0.904 to 0.919 and from 0.850 to 0.872 for Cronbach's alpha, indicating that the model has good internal consistency and reliability, apart from CH charges, whose value is 0.623, which is less than 0.70. The rate at which all model elements correlate with additional measures of the same latent construct is known as the convergent validity. According to Fornell and Locker (1981), it is quantified by looking at the Average Variance Extracted (AVE) of each latent component. According to Chin (1998), all the latent constructs showed high loading (> 0.50), which indicated a suitable convergent validity model.

Discriminant validity Measures

Table 3: The Correlations of Latent Variable and Square Roots of AVE

Variables	Access.	Accoun.	CF approach	CH charges	CI	CL	Confid..	Objec..	Respon..	Visi..

Accessibility	0.872									
Accountability	0.56	0.839								
CF approach	0.51	0.607	0.866							
CH charges	0.41	0.399	0.471	0.739						
CI	0.479	0.545	0.824	0.551	0.833					
CL	0.447	0.669	0.615	0.517	0.704	0.827				
Confidentiality	0.516	0.619	0.765	0.356	0.772	0.628	0.923			
Objectivity	0.676	0.671	0.653	0.616	0.5	0.665	0.488	0.843		
Responsiveness	0.635	0.706	0.662	0.539	0.683	0.669	0.743	0.737	0.823	
Visibility	0.79	0.59	0.511	0.479	0.605	0.434	0.574	0.531	0.588	0.890

Sources: PLS SEM-4 RESULT OUT

The Fornell-Larker criterion, which says that the square root of AVE in every latent variable should be larger than other correlation values among the latent variables, was used in the study to evaluate discriminant validity. Table 3 showed that the data met the criteria for discriminant validity. Where the values of Accessibility, Accountability, CF approach, CH charges, CI, CL, Confidentiality, Objectivity, Responsiveness, and Visibility are 0.872, 0.839, 0.866, 0.739, 0.833, 0.827, 0.923, 0.843, 0.823, and 0.890 respectively are higher than the correlation value.

Cross Loading

Table 4. Cross Loading

	Access.	Accoun.	CF approach	CH charges	CI	CL	Confid..	Objec..	Respon..	Visi..
A1	0.701	0.399	0.241	0.298	0.383	0.175	0.304	0.325	0.376	0.789
A2	0.953	0.513	0.444	0.388	0.405	0.444	0.462	0.666	0.584	0.667
A3	0.940	0.544	0.565	0.383	0.484	0.455	0.536	0.672	0.644	0.736
Acc1	0.402	0.89	0.497	0.355	0.463	0.614	0.498	0.548	0.601	0.398
Acc2	0.679	0.869	0.608	0.404	0.576	0.652	0.668	0.689	0.74	0.687
Acc3	0.22	0.753	0.379	0.188	0.247	0.33	0.31	0.389	0.332	0.333
C1	0.364	0.491	0.741	0.228	0.722	0.463	0.895	0.323	0.655	0.442
C2	0.559	0.633	0.688	0.401	0.712	0.666	0.951	0.543	0.713	0.596
CF1	0.349	0.389	0.844	0.454	0.67	0.359	0.635	0.467	0.548	0.442
CF2	0.423	0.528	0.882	0.582	0.754	0.517	0.58	0.626	0.525	0.513
CF3	0.511	0.603	0.872	0.246	0.711	0.646	0.747	0.576	0.629	0.389
CH1	0.412	0.372	0.365	0.878	0.411	0.499	0.204	0.621	0.438	0.389
CH2	0.265	0.311	0.433	0.778	0.542	0.387	0.431	0.395	0.491	0.395
CH3	0.157	0.106	0.228	0.512	0.208	0.106	0.128	0.246	0.178	0.309
CI1	0.472	0.585	0.668	0.47	0.862	0.678	0.724	0.427	0.637	0.597

CI2	0.378	0.41	0.731	0.537	0.783	0.468	0.562	0.509	0.568	0.49
CI3	0.283	0.184	0.58	0.467	0.813	0.562	0.594	0.317	0.433	0.351
CI4	0.449	0.598	0.783	0.386	0.872	0.609	0.671	0.433	0.63	0.559
CL1	0.504	0.633	0.75	0.493	0.793	0.817	0.698	0.621	0.695	0.542
CL2	0.248	0.357	0.227	0.362	0.324	0.751	0.268	0.526	0.348	0.191
CL3	0.372	0.577	0.365	0.478	0.496	0.914	0.422	0.612	0.541	0.333
CL4	0.268	0.564	0.526	0.336	0.567	0.818	0.554	0.41	0.52	0.253
O1	0.575	0.543	0.661	0.643	0.518	0.551	0.509	0.821	0.73	0.473
O2	0.543	0.546	0.51	0.626	0.384	0.457	0.257	0.879	0.574	0.485
O3	0.58	0.594	0.479	0.331	0.362	0.638	0.433	0.829	0.556	0.395
R1	0.578	0.491	0.625	0.691	0.622	0.639	0.629	0.756	0.767	0.535
R2	0.366	0.549	0.371	0.358	0.333	0.51	0.388	0.649	0.767	0.274
R3	0.576	0.65	0.601	0.317	0.67	0.542	0.742	0.543	0.923	0.586
R4	0.543	0.644	0.546	0.335	0.594	0.472	0.664	0.419	0.826	0.512
V1	0.632	0.6	0.407	0.411	0.518	0.453	0.549	0.44	0.541	0.91
V2	0.691	0.391	0.467	0.544	0.534	0.267	0.462	0.482	0.498	0.836
V3	0.807	0.538	0.51	0.373	0.575	0.398	0.512	0.513	0.529	0.921

Sources: PLS SEM-4 RESULT OUT

Cross loadings predict that compared to other constructs in the investigation, a specific item should have larger loadings on its own parent construct. Compare the indicator loadings in Table 4 to those of other reflecting indicators. All indicator loadings were greater than the cross-loading values, according to the results, indicating adequate discriminant validity.

Statistical Result for the Hypotheses

Table 5. R-square

	R-square	R-square adjusted
CL	0.731	0.723

Sources: PLS SEM-4 RESULT OUT

In table 5 the model adequacy showed the extent to which an effective complaint handling system influence customer loyalty of listed banks in Pakistan. The R^2 value is (0.731) showed that 73% of the variance in customer loyalty was accounted for by an effective complaint handling system.

Test of Hypothesis on Structural Equation Model

The direct relationship and effect between the study's independent and dependent variables are first tested using the structural model. Look at Table 6 and Figure 2 for the SEM.

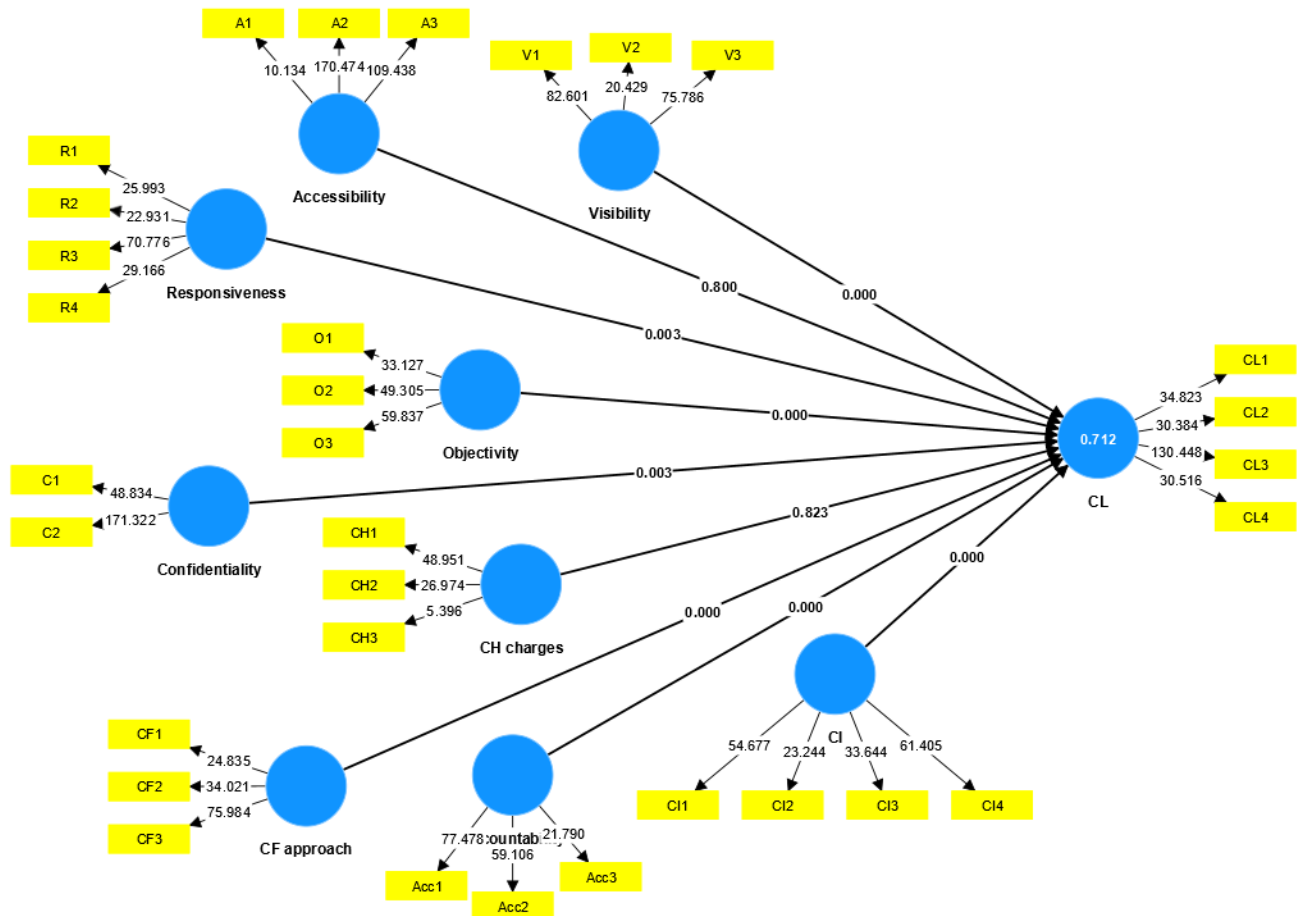


Figure 2: The Structural Equation Model

That is the path coefficient was used to test the relationship between the Accessibility -> CL, Accountability -> CL, CF approach -> CL, CH charges -> CL, CI -> CL, Confidentiality -> CL, Objectivity -> CL, Responsiveness -> CL, and Visibility -> CL. This is done through the process of standard bootstrapping with 5000 bootstrap samples on SMART-PLS 4.

	Beta Values	Standard error	T statistics	P values	Decision
Accessibility -> CL	-0.019	0.068	0.253	0.800	Not Supported
Accountability -> CL	0.330	0.054	6.089	0.000	Supported

CF approach -> CL	0.559	0.075	7.482	0.000	Supported
CH charges -> CL	0.020	0.071	0.224	0.823	Not Supported
CI -> CL	0.771	0.085	9.192	0.000	Supported
Confidentiality -> CL	0.248	0.084	3.000	0.003	Supported
Objectivity -> CL	0.606	0.06	10.099	0.000	Supported
Responsiveness -> CL	0.187	0.065	2.946	0.003	Supported
Visibility -> CL	-0.309	0.063	4.985	0.000	Supported

Table 6

Sources: PLS SEM-4 RESULT OUT

The result from table 6, shows that the coefficient value of accessibility is -0.019 which means by increasing 1 % in accessibility, customer loyalty will decrease by 0.019 percent which is very low hence negligible, on the other hand, the “p” value of accessibility i.e., 0.800 is more than “ α ” value i.e., 0.05 which shows that, the variable/factor “Accessibility” is insignificant which means the customer accessibility towards complaint handling system has no impact on customer loyalty.

Secondly, table 6 indicates that there is a positive relationship between accountability and customer loyalty. The exponent beta value of this positive relationship is 0.330 which means a 1% increase in accountability, customer loyalty will also increase in the same direction by 33%. Furthermore the “p” value of accountability i.e., 0.000 is less than “ α ” value i.e., 0.05 which shows that, the variable/factor “Accountability” is significant which confirms that there is a positive relationship between accountability and customer loyalty.

Thirdly, the coefficient value of CF approach clearly shows that there is a positive relationship between customer focused approach and customer loyalty. The exponent beta value of this positive relationship is 0.559 which means with a 1% increase in CF approach, customer loyalty will increase by 56%. Furthermore the “p” value of customer focused approach i.e., 0.000 is less than “ α ” value i.e., 0.05 which shows that, the variable/factor “Customer focused approach” is significant which confirms that there is a positive relationship between accountability and customer loyalty.

Coefficient table shows the exponent beta value for complaint handling charges is 0.020 which means by increasing 1 % in CH charges, customer loyalty will increase by 2 percent, which is negligible. On the other hand, the “p” value of CH charges i.e., 0.823 is more than “ α ” value i.e., 0.05 which shows that, the variable/factor “CH charges” is insignificant which means the complaint handling charges has no impact on customer loyalty.

From the coefficient table, it can be observed that there is a positive relationship exists between continual improvement and customer loyalty. The exponent beta value of this positive relationship is 0.771 which means by 1% increase in continual improvement, customer loyalty will also increase in same direction by 77 %.

Furthermore the “p” value of continual improvement i.e., 0.000 is less than “ α ” value i.e., 0.05 which shows that, the variable/factor “Continual improvement” is significant and has positive relationship customer loyalty.

Furthermore, the beta coefficient value of confidentiality from table 6 shows that there is a positive relationship between confidentiality and customer loyalty. The exponent beta value of this positive relationship is 0.248 which means by 1% increase in confidentiality, customer loyalty will also increase in same direction by 25%. Furthermore the “p” value of confidentiality i.e., 0.000 is less than “ α ” value i.e., 0.05 which shows that, the variable/factor “Confidentiality” is significant and has a positive relationship with customer loyalty.

The beta coefficient value of objectivity from table 6 shows that there is a positive relationship between objectivity and customer loyalty. The exponent beta value of this positive relationship is 0.606 which means by 1% increase in objectivity, customer loyalty will also increase in same direction by 61%. Furthermore the “p” value of confidentiality i.e., 0.000 is less than “ α ” value i.e., 0.05 which shows that, the variable/factor “Objectivity” is significant and has a positive relationship with customer loyalty.

Above Coefficient table shows the exponent beta value for responsiveness is 0.187 which means by 1% increase in responsiveness, customer loyalty will also increase by 18% in same direction, on the other hand, the “p” value of responsiveness i.e., 0.003 is less than “ α ” value i.e., 0.05 which shows that, the variable/factor “Responsiveness” is significant and has a positive relationship between responsiveness and customer loyalty.

Finally, the result of table 6 with respect to visibility indicates that there is a negative relationship between visibility and customer loyalty. The exponent beta value of this negative relationship is -0.309 which means by 1% increase in visibility, customer loyalty will decrease by 31%. Furthermore the “p” value of visibility i.e., 0.000 is less than “ α ” value i.e., 0.05 which shows that, the variable/factor “Visibility” is significant and has a negative relationship with customer loyalty.

CONCLUSION AND RECOMMENDATIONS

The study examined the impact of effective compliant handling system on customer loyalty of banking customers of Pakistan banks. Based on the findings of this research, the following conclusions were reached. The study found positive and significant impact of accountability, CF approach, continual improvements, Confidentiality, objectivity, and responsiveness on customer loyalty. Also, the study found that the accessibility of complaint handling system has negative and insignificant impact on customer loyalty while CH charges have positive insignificant impact on customer loyalty. Furthermore, results also indicate that the visibility of complaint handling system has negative but significant impact on customer loyalty. So, based on result the conclusion can be drawn as, for designing an effective complaint handling system, bank must need to consider the following 7 factors of complaint handling systems these are: accountability, CF approach, continual improvements, confidentiality,

objectivity, responsiveness, and visibility which helps them to enhance the customer loyalty of their customers.

Companies (banks) get benefits from this research by incorporating the key factors into their existing complaint handling system so that it may become more effective for resolving the customer complaints. This will help the companies to retain their loyal customers by providing them with the desired satisfaction.

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