TALLINN UNIVERSITY OF TECHNOLOGY

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Factors influencing the customer loyalty of private customers among banks in Estonia

Master's thesis

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I hereby declare that I have compiled the thesis independently
and all works, important standpoints and data by other authors
have been properly referenced and the same paper
has not been previously presented for grading.

The document length is 12,113 words from the introduction to the end of the conclusion.

Robin Reinpalu, 03/01/2024.

TABLE OF CONTENTS

ABSTRACT

The research problem of the following thesis is the lack of knowledge regarding the influencing factors of customer loyalty for private customers among banks in Estonia. Understanding the elements that drive customer loyalty enables current and prospective banks to push the boundaries of innovation and customer service excellence, presenting a significant opportunity to establish a formidable competitive advantage. Consequently, the thesis aims to determine the driving influences of customer loyalty specific to private customers among banks in Estonia. In the digital society of Estonia, customers can seamlessly switch banks due to the convenience of online banking, making the transition effortless and efficient.

This thesis applies quantitative research methods with the help of multiple regression analysis to discover the driving influences of customer loyalty. Primary data is collected through an online survey questionnaire. The influencing factors of customer loyalty explored in the thesis are perceived quality, customer satisfaction, and customer trust.

The thesis findings reveal that perceived quality is not a driving factor of customer loyalty due to multicollinearity with customer satisfaction. Conversely, customer satisfaction and customer trust are recognised as influential factors of customer loyalty for private customers among banks in Estonia. The following thesis contributes to a greater understanding of the influencing factors of customer loyalty for private customers, providing insights that can guide strategic decisions and promote innovation in pursuing a competitive edge.

Keywords: Banking, Private Customer, Customer loyalty, Perceived Quality, Customer Satisfaction, Customer Trust.

INTRODUCTION

In the global financial landscape, banking has a significant position for businesses and the economy. Banks use various methods in today's marketing scenarios to keep customers (Alam & Khokhar, 2006). Fintech development and the growing presence of fintech companies in Estonia have facilitated the ease of customers switching their home banks. This raises a question when considering the loyalty of bank customers as in the height of fintech; customers can easily switch their home bank with little to no human interaction. This has placed banks operating in Estonia in an uncomfortable position to strengthen customer retention.

Past research is limited with respect to the customer loyalty of private customers among banks in Estonia. Previous studies in Estonia have explored factors such as customer service quality (Nemvalts, 2015), customer satisfaction (Grüning, 2018), customer trust (Viktorija & Jurevičienė, 2018) and customer loyalty (Linsi, 2017). However, no specific research has researched their influence on customer loyalty for private customers. Therefore, the research problem of the following thesis is the lack of knowledge regarding the influencing factors of customer loyalty for private customers among banks in Estonia. Research outside of Estonia has shown that factors such as perceived quality (Rajendran, 2018), customer satisfaction (Fornell *et al.,* 1994), (Chuah *et al.,* 2017), (Nguyen *et al.,* 2020), (Tegambwage & Kasoga, 2022) and customer trust (Ranaweera & Prabhu, 2003), (Hsu, 2008), (Utami, 2015), (Leninkumar, 2017), (Omoregie *et al.,* 2019) influence customer loyalty. It is currently unknown whether the factors of customer loyalty for private customers of banks in Estonia are similar to those of other countries and regions of the world. This lack of specific knowledge for banks in Estonia is important as the uncertainty hinders the ability to harness the various business advantages associated with customer loyalty, including heightened revenue, excellence in indirect marketing, and a competitive edge (Rane *et al.,* 2023).

The research aim of the thesis is to determine the driving influences of customer loyalty specific to private customers among banks in Estonia. The thesis will fill in the knowledge gap by highlighting and bringing awareness to the factors influencing customer loyalty. The following thesis will provide a foundation for future research to use the results of the thesis to conduct

enhanced specific research based on the results provided. Moreover, banks operating in Estonia can use the research results to benefit from the advantages related to customer loyalty. To achieve the aim of the thesis, the following research question has been established: Do perceived quality, customer satisfaction, and customer trust influence the customer loyalty of private customers among banks in Estonia?

To achieve the research aim of the following thesis, the author has set the following research tasks:

1. Provide the theoretical framework of customer loyalty.
2. Conduct quantitative research and present the findings based on the aim of the research.
3. Make proposals for future research and provide key customer loyalty focus areas based on the results.

A questionnaire will be formed in order to conduct quantitative research. The questionnaire results will collect the data required to test the hypotheses using quantitative research methods. The author of the thesis has set the following hypotheses:

- Perceived quality has a positive correlation with the customer loyalty of private customers.
- Customer satisfaction has a positive correlation with the customer loyalty of private customers.
- Customer trust has a positive correlation with the customer loyalty of private customers.

This master thesis consists of three parts. The chapters of this research have been categorised into chapters and subsections. The first chapter will explain and provide insight into the concept of customer loyalty, the factors affecting customer loyalty and previous research. The second chapter will give a brief background of the current situation in the Estonian banking sector and highlight the research methodology used for the thesis. The research methodology will provide an overview of the research philosophy, research methods, data collection methods, sampling, and data analysis. The third chapter is based on the conducted research and will present the results and discussion.

1. LITERATURE REVIEW

This chapter will focus on the concept of customer loyalty and the influencing factors of customer loyalty. Moreover, the literature review will touch on the background of existing research to provide information on the knowledge gap.

1.1. Concept of customer loyalty

Customer loyalty can be interpreted in diverse ways by various organisations and experts as it is a complex concept. Examples are recurring purchases, loyalty to brands, emotional ties, and customer satisfaction. To fully comprehend customer loyalty, it is beneficial to consider numerous definitions and concepts.

A widely accepted definition of customer loyalty is provided by Oliver (1999), who suggests that customer loyalty is the strong desire to continuously repurchase a favourite good or service, leading to repeat purchases of the same brand or group of brands, despite situational influences and marketing efforts having the potential to lead to switching behaviour. This loyal customer is the one who "fervently desires to rebuy a product or service and will have no other." On a deeper level, it is a customer who will go after this goal "against all odds and at all costs." These final criteria specify the highest level of loyalty. The customer that goes "against all odds and at all costs" was also recognised as a "Partner" in the late 1990s by the marketing theorist Adrian Payne (1994), who developed the customer relationship ladder. The ladder portrays a five-stage customer journey, starting from a new customer and climbing up to a devoted, loyal customer. Within the ladder, the customer shows the first signs of loyalty when they become a supporter. Payne *(Ibid)* describes this sign of loyalty with the example of a bank customer who has been doing business with a bank for many years. The customer may not be too satisfied with them or perhaps have a wrong opinion. On the other side, if they support the bank, they have a favourable opinion of it and are content with the services provided by the bank. However, supporters tend to be quiet and keep their opinions about the bank's performance to themselves. The lack of satisfaction is similar to the view of Aksoy (2013), who views customer loyalty as a strategic objective. This is because a customer might display emotional commitment towards a brand or product even if they are not entirely satisfied. Therefore, the customer's feelings towards the offering and how it affects their behaviour may be good indicators of customer loyalty.

The following figure (see Figure 1) presents the relationship ladder theory provided by Payne.
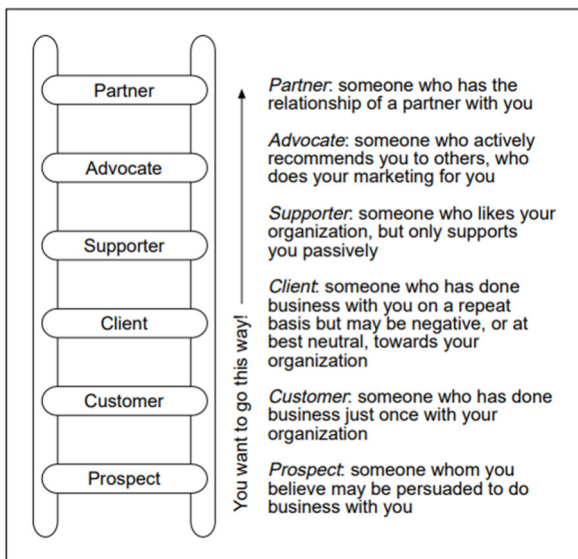

Figure 1. The Customer Loyalty Ladder
Source: (Payne, 1994)

Many scholars have different views on the emotional level of loyalty required to be labelled as a partner; for example, Hofmeyr and Rice (2000, p. 87) argue against the one-dimensional view of loyalty described by Oliver (*Ibid*) and Payne *(Ibid)*; as they view customer loyalty as either devoted (emotional) or loyal (behavioural). Behavioural loyalty is weaker and less enduring than emotional loyalty. It is a persistent desire to keep up a meaningful connection. They agree with Oliver (*Ibid*), stating that emotionally loyal customers will value the relationship so highly that they will go above and beyond to keep it going. This view is also supported by Thomas and Tobe (2013), who state that loyal customers will recommend the company to others and consider twice before choosing to use other services. Susan (1998) agrees that customer loyalty is emotionally driven; she adds that consumer loyalty is a dedicated and emotionally charged alliance. Her vision of a partner customer is when the customer loyalty relationship is strengthened through family members or members of a buying group supporting it and where consumption is linked to belonging to and defining one's identity in a community.

Customer loyalty is not something that happens; it is built by sourcing and design choices. Designing for customer loyalty necessitates customer-centred strategies that consider service recipients' wants and interests. These strategies can be utilised to develop customer loyalty through numerous transactions over time *(Ibid)*. Tepeci (1999), unlike Oliver (*Ibid*) and Thomas and Tobe *(Ibid)*, noted that repurchasing is insufficient to demonstrate brand devotion; the action should be

8

deliberate. Customer loyalty is a commitment to a brand's quality resulting from favourable attitudes and recurrent purchases. For instance, a customer may choose their home bank because it offers everyday banking services at the most affordable rate. However, when another bank updates their internet bank, the customer may switch their home bank as the quality of service is higher. This indicates that reoccurring purchases cannot be considered a sufficient measure of customer loyalty. Oliver (*Ibid*) argues that establishing cognitive loyalty is the first step in creating enduring and solid relationships between customers and businesses. Härtel and Russell-Bennett (2010) contest Oliver (*Ibid*) and Thomas and Tobe *(Ibid)* by claiming that cognitive and emotional loyalty can coexist and be influenced by various other elements and situations. It is possible to be loyal in attitude but not in behaviour at the same time, for instance, to want a product but be unable to purchase it owing to cost or availability, or the opposite, to purchase something repeatedly because it is the only choice. In essence, Härtel *(ibid)* challenges the idea that cognitive loyalty alone is sufficient for measuring customer loyalty and suggests that both cognitive and emotional aspects should be considered to provide a more comprehensive understanding of customer loyalty.

The perspective that "the customer is always right" should be approached, underscoring the significance of prioritising the cultivation of customer loyalty as a company's primary objective (Sabir *et al.,* 2014). Customer loyalty is beneficial to businesses, given the various business advantages it provides, such as higher income, positive word-of-mouth marketing, and a competitive edge in the marketplace by prioritising customer satisfaction and creating long-term customer relationships (Rane *et al.,* 2023). Thomas and Tobe *(Ibid)* state that "loyalty is more profitable" as the costs of acquiring a new customer are substantially higher than keeping an existing one, and loyal customers will recommend the company to others and consider twice before choosing to use other services. Frederick Reichheld (2001, p. 1), the creator of the widely recognised NPS score and a consultant at Bain & Company, has affirmed that achieving a 5% increase in customer retention leads to a notable profit surge of over 25% in the financial services sector.

1.2. Factors of customer loyalty

In order to expand on the clarification and concepts of customer loyalty, the following chapter of the thesis will explore the factors of customer loyalty. A careful review of prior research on the influences of customer loyalty by drawing insights from existing literature and research within the field is essential. This review is required to research the potential influential factors of customer loyalty for private customers among banks in Estonia.

1.2.1. Perceived quality

Many scholars have defined and explored the concept of perceived quality. A widely used definition is provided by Zeithaml (1988), who describes perceived quality as a consumer's evaluation of the overall quality or superiority of a product or service. Li *et al.,* (2021) state that the evaluation of overall quality and superiority concerning perceived quality refers to the subjective evaluation of consumers' views of a product rather than an objective indicator of the product's manufacturing or functional quality. Nikhashemi and Valaei (2018) expand that this evaluation is fundamentally the customer's opinion of product or service reliability and is related to customers' preferences, satisfaction, and purchasing preferences.

In previous literature, the concept of perceived quality has been described as closely related to satisfaction; nevertheless, the differences between the two have not always been clearly defined, and both have occasionally been used indistinctly. Parasuraman *et al.,* (1994), whilst following the work of (Teas, 1993), found that the confusion between perceived quality and customer satisfaction is caused by the form of evaluation done in terms of quality and satisfaction. It is possible to tell the difference between a transaction-specific evaluation and an overall evaluation that is the product of cumulative experience. While researchers who specialise in service quality work from the premise that satisfaction is a transaction-specific evaluation and that quality is an overall evaluation made using a variety of cumulative evaluations, researchers who specialise in customer satisfaction work from the opposite premise. Alternatively, it has been suggested that the distinction between satisfaction and perceived quality is more precise. The first determinant for perceived quality in every economic activity is the market's assessment of previous consumption experiences. The two key elements used to measure the assessment of perceived quality is the customisation, or the degree to which the firm's offering is tailored to meet the diverse needs of customers, and reliability, or the extent to which the firm's offering is dependable, standardised, and fault-free (Fornell *et al.,* 1994).

The importance of high-quality services should not be ignored by the banks, as delivering high-quality service to customers allows companies to differentiate themselves in competitive markets (Benkenstein & Yavas, 2007). Caruana (2002) suggests that quality of service can be divided into two categories: technical quality, which refers to what is supplied to the customer, and functional quality, which addresses the process's final output transferred to the customer. Additionally, the two psychological and behavioural dimensions of service quality include the provider's accessibility, how they carry out their duties, what they say, and how the service is delivered. Based on the customer's evaluation of the customer-employee contact, the service environment, and the service outcome, the perception of service quality is determined. In banking, the quality of service is defined as bank employees that service customers directly, for example, loan advisory and customer support. Psychological evaluation of customer loyalty refers to any employee interacting with customers in a position to either increase customer satisfaction or put it at risk. In addition, today, the quality of online banking services has underlying dimensions such as dependability, responsiveness, security, user-friendliness, and accessibility (Shahriari, 2014).

Previous research suggests that consumers build customer loyalty based on their experience with a product or service. Consumers assess whether the practical objective is attained during the consumption of a service brand and build a quality perception of the brand. If the experienced brand's quality is considered high, the consumption aim is met, then customer loyalty arises (Ding & Tseng, 2015). Other existing research shows that positive evaluations of service and product quality lead to increased levels of customer satisfaction, which in return may lead to increased levels of customer loyalty (Rambocas *et al.,* 2018). This indirect relationship has also been touched upon by Levesque & McDougall (1996), who state that staff members who deliver banking products and services to the consumer should value customer loyalty as a business goal. Research by Rajendran (2018) found perceived quality in online banking to be a stronger predictor of customer loyalty than customer satisfaction. In contrast, other research has found that perceived quality is not a driver of customer loyalty in banking (Othman *et al.,* 2015). Existing research supports an indirect and direct relationship between perceived quality and customer loyalty, whilst other past literature views perceived quality as a concept primarily related to customer satisfaction.

1.2.2. Customer satisfaction

A crucial characteristic that must be considered when determining the general level of customer loyalty to service providers is satisfaction. Customers at banks assess the quality of products and services to determine whether they are given little gain before deciding to make additional purchases. Customer satisfaction is defined by Oliver (2014, p. 8) as "a judgement that a product/service feature, or the product or service itself provided (or is providing) a pleasurable level of consumption-related fulfilment, including levels of under- or overfulfilment.". Other researchers associate and emphasise customer satisfaction as a product of cognitive evaluation. If a customer perceives the benefits of a product or service to be larger than the sacrifices and costs, they are more likely to be satisfied and, as a result, more inclined to buy from the same source again (Chuah *et al.,* 2017). Furthermore, the root of customer satisfaction is not limited to the post-evaluation of a transaction of individual services and products and can spring from the combination of the value acquired from a transaction or relationship (Hallowell, 1996).

Customer satisfaction is important as a satisfied customer acts as free advertising and is more likely to buy further goods; hence, bank employees play a vital role in fostering customer satisfaction as they represent the bank and are the main point of contact for customers. The goal of bank employees should be to provide the best possible service to customers whilst also providing assistance and information on products and services the bank has to offer; such encounters with customers can have a significant impact on how satisfied they are with the bank (Belás et *al.,* 2015). Suggestions for service quality have also been made by Santouridis and Trivellas (2010), who state that satisfaction can be viewed as a byproduct of customer service or service interactions. As customer satisfaction is a significant success factor for banks, service quality must be measured (Akhtar et al., 2016). Other factors outside the direct servicing of customers have also been shown to have a positive relationship with customer satisfaction, such as the web design and content, convenience, speed of a bank's internet banking (Ling *et al.,* 2016).

The relationship between customer satisfaction and loyalty is not a recently developed research topic. Past research has found that there is a positive direct relationship between customer satisfaction and loyalty (Fornell *et al.,* 1994), (Chuah *et al.,* 2017), (Nguyen *et al.,* 2020) and (Tegambwage & Kasoga, 2022) demonstrating the importance of customer satisfaction to benefit from the advantages customer loyalty possesses. Due to the nature of the financial services sector, customer trust is also an essential factor in establishing customer satisfaction and loyalty (Amegbe

& Osakwe, 2018). Leninkumar (2017) identified a significant indirect association between customer satisfaction and customer loyalty mediated by customer trust. It is important to consider that despite previous literature and research suggesting a positive relationship between customer satisfaction and customer loyalty, according to Kumar *et al.,* (2013), the magnitude of the influence of customer satisfaction on loyalty is dependent on the industry's structure and competitiveness, the customer segment studied, and the presence of various factors that serve as mediators, moderators, or both to the relationship.

1.2.3. Customer trust

In banking, trust is seen as a customer's desire to rely on specific products or services and maintain faith in the quality and dependability of such products and services (Yadav & Singh, 2018). These products and services can be the customers' personal interests, savings with the bank, and financial items they have or intend to purchase from the bank, such as insurance plans and mortgages. Moreover, these products and services should be taken care of without the customer having to worry (van Esterik-Plasmeijer & van Raaij, 2017). Additionally, Kaabachi *et al.,* (2020) found that trust in products and services could be increased by using website usability as a key construct in developing online loyalty and confidence in financial systems. Koschate-Fischer and Gartner (2015) take a different approach when addressing the idea of consumer trust in banking services, claiming that it is linked to the level of confidence that customers have in the bank's overall competence. This perspective is beyond products and services and challenges the bank's general competence and dependability and the perceived security of financial transactions. To expand on overall competency, Keh & Xie (2009) note that customers are more likely to trust highly reputable companies.

Customers who have a high level of trust in the bank are assured that the bank is looking out for their best interests. A high level of trust can, in specific ways, act as a safeguard against the bad experiences that customers might have. If they believe in the bank, customers are more likely to "forgive" a bad experience and view it as an anomaly. A bad experience, however, can also be interpreted as "proof" that the bank cannot be trusted if there is a low degree of confidence. However, customers and banks must still rely on one another because neither party can predict the other's behaviour in advance by maintaining pledges and acting in accordance with both explicit and implicit agreements. The risk here refers to the perception shared by both parties that the other will act in a way that is possibly detrimental and unfavourable to them (*Ibid*). Conversely, Utami

(2015) suggests that building a high level of trust can be successfully used to establish customer loyalty; this high level of trust represents the awareness on the part of the customer of the performance expectations of the brand based on the experience and confidence represented in the form of an attitude.

In the banking sector, trust is critical in developing relationships between customers and banks where their property is stored or managed. Hsu (2008) supplements the suggestion by Utami (2015), stating that trustful customers aid the acquisition of new consumers, retain existing customers and contribute to overall customer satisfaction. Keh & Xie (*Ibid*) challenge the perspective of the relationship between customer trust and customer satisfaction, arguing that from the consumer's perspective, multiple outperformances of the bank fosters customer satisfaction; however, it does not ensure customer trust in the business-to-consumer sales and is an appropriate trust building assumption in business-to-business sales. A significant positive association between trust and satisfaction was discovered in studies by Crosby *et al.,* (1990), Yoon and Kim (2000) and Dabholkar and Sheng (2012). Other studies suggest that trust is a stronger emotion than satisfaction and may thus prove a better indication to predict loyalty; they found that trust has a beneficial impact on retention or loyalty (Ranaweera & Prabhu, 2003). In contrast, other research suggests that excellence in delivering services plays a pivotal role in establishing trust and satisfaction (Ofori *et al.,* 2017). A customer's trust towards their bank is comparable to the trust they possess in the people closest to them, as the development of trust creates loyalty. The same principle of trust can be applied to bank customers, as in the absence of trust, it is likely that the person will not become or remain loyal to their bank. Previous research has found a positive relationship between customer trust and customer loyalty (Hsu, 2008), (Leninkumar, 2017) and (Omoregie *et al.,* 2019).

To conclude, the theoretical framework provides insight into existing research required for determining the factors of customer loyalty in research outside of Estonia. Furthermore, it establishes the theoretical concept (Payne, 1994) for analysing the level of customer loyalty for private customers among banks in Estonia. The key influencing factors of customer loyalty chosen for the following thesis based on the literature review are perceived quality (Rajendran, 2018), customer satisfaction (Fornell et al., 1994), (Chuah et al., 2017), (Nguyen et al., 2020), (Tegambwage & Kasoga, 2022) and customer trust (Ranaweera & Prabhu, 2003), (Hsu, 2008), (Utami, 2015), (Leninkumar, 2017), (Omoregie et al., 2019). The literature review has highlighted the importance of customer loyalty and the benefits that it possesses.

2. RESEARCH METHODOLOGY AND DATA ANALYSIS

This chapter of the thesis will focus on and provide an in-depth overview of the research methodology that will be presented. Furthermore, it will feature information regarding the research hypotheses, sample group, data collection, sampling methods, survey questionnaire design and quantitative research methods. To acquire essential information and achieve the desired aim of the research, the author of this thesis chose to perform a questionnaire-based research.

2.1. Research background

Banks in Estonia play a vital role in the economic and social development of Estonia through activities such as monetary support to finance infrastructure, equipment, strategically essential state assets, etc., that support the development of the country. To operate as a credit institution in Estonia, the Estonian Financial Inspection has to grant a separate license and is subject to state supervision by the same authority. As of 2023, there are a total of nine locally established credit institutions and four branches of foreign credit institutions that operate under the activity license granted by the Financial Inspection (n.d.). As of December 31st 2022, licensed banks in Estonia had more than two million contracts with private banking customers and over 300 thousand business customers (Raudsaar, 2023). Due to the rise in competition, customers can now maintain multiple bank accounts. However, the primary bank remains the most important, where customers tend to keep higher balances and conduct significant transactions. This term is also known as the main bank in research reports (Bapat, 2015). The term primary bank or main bank is commonly referred to and recognised as a home bank by customers and banks in Estonia. The assets held by banks are primarily made up of provided loans. The leader of the private customer segment in lending remains concentrated to Swedbank, commanding a market share of 43%; in contrast, the cumulative market share of eight banks in Estonia amounts to 5%. In contrast, four banks collectively hold 52% of the market, while the combined market share of the eight smallest banks for private individual loans is only 5%.

Table 1. Distribution of private individual loans market as of June 2022 and 2023.

Distribution of private individual loans market	30.06.2023	30.06.2022
Swedbank AS	43%	44%
AS SEB Pank	27%	27%
Luminor Bank AS	10%	10%
AS LHV Pank	10%	10%
Coop Pank AS	5%	4%
Other	5%	5%

Source: Created by the author based on data collected from Financial Inspection (2023, p. 14).

One effect of the instability in geopolitics and economies of Europe is the rise in Euribor, which soared to over 4% in 2023. This rate was last seen during the 2008 financial crisis (Eesti Rahvusringhääling, 2023). The majority of loans in Estonia today are priced with a combination of the base interest rate (Euribor) and the bank's margin. The population of Estonia are feeling the effects of a weakened economy, and hikes in Euribor have received greater attention from media outlets in Estonia. Borrowing has become more expensive during a time when inflation rates in the European Union recently reached their highest point. The European Union inflation rate peaked at over 10% and over 20% in the Baltic States in October 2022 (Müller, 2023). The rise in Euribor has resulted in the cost of loans rising by approximately 800 million euros in a year and the interest cost of companies to approximately 1.2 billion euros (Eesti Rahvusringhääling, 2023). The private customer segment has the largest share in the loan portfolio of banks in Estonia, reaching 11.9 billion euros in 2023, compared to the corporate loan portfolio of 9.5 billion euros (Finantsinspektsioon, 2023, p. 10). The author of the thesis intends to discover the effect the rise has had on customer trust, given the recent heightened attention of media outlets in Estonia.

2.2. Research methodology and sampling

Positivism is a branch of philosophical realism that adheres to the hypothetico-deductive method, which entails systematic observation and description of phenomena contextualised within a model or theory, the presentation of hypotheses, the execution of tightly controlled experimental studies, the use of inferential statistics to test hypotheses, and, finally, the interpretation of statistical results in light of the original theory. Positivism is based on the hypothetico-deductive technique and focuses on efforts to validate a prior hypothesis, which is typically articulated in quantitative research and can be transformed into mathematical formulas describing functional relationships.

The primary purpose of a positivistic inquiry is to provide an explanation that leads to prediction and control of phenomena (Ponterotto, 2005).

As mentioned before, the author has chosen a positivistic inquiry for the following research; therefore, a quantitative research approach has been used to determine whether there is a positive correlation between the author's hypotheses and customer loyalty. The author prefers to receive a large number of responses from respondents who are home bank customers of different banks to provide more information in supporting and achieving the research aim of the thesis. A questionnaire-based survey is used as a quantitative tool to gather data.

The following research uses quantitative research methods to focus on objectivity, which is useful when collecting quantitative measures of variables and inferences from population samples. For data gathering, quantitative research employs standardised procedures and formal tools. The information is gathered objectively and methodically (Queirós *et al.,* 2017). This is significant for the following research as the phenomena can not be measured; however, quantitative research methods can enable the researcher to test the research hypotheses using statistical analysis methods with the data collected from the questionnaire. The use of an online questionnaire that anyone can answer and voluntarely can also be described as a form of convenience sampling in which the non-individualized character of invites heavily influences respondents' decision to participate (Wolf *et al.,* 2016, pp. 327-328). Additionally, judgemental sampling is used as the author intends to use their social media and extended network to receive responses from potential respondents who correspond to the desired sample group of the study.

2.3. Research design

The research design is the methods and procedures used to define the research problem, gather, analyse, interpret and report the data results in research studies (Creswell, 2009). Surveys are a research approach that allows data to be collected directly from a person involved in the research via a series of questions organised in a specific order. It is one of the most commonly used quantitative techniques because it allows for collecting information about a specific phenomenon through framing questions that represent the ideas, perceptions, and behaviours of a group of people. Two of the most prominent advantages of a questionnaire are the high representativeness of the entire population and its inexpensive cost compared to other choices (*Ibid*). Data collection

methods are required in order to use quantitative research methods. Data collection can be defined as a systematic method of gathering information required to answer research questions, solve the research problem and offer a basis for accepting or rejecting research hypotheses. The selection of the method or tool for data collection is a critical decision that must be made. If it is not done correctly, it may fail to answer research questions, fail to solve the research problem and not provide the author with a basis for rejecting or accepting the hypotheses set (Heath, 2018) as cited in (Mwita, 2022). The survey for this research will act as the data collection tool and is suitable given that quantitative research methods will be used. The sample group of the following research is a private customer whose home bank is a licenced credit institution in Estonia and who is over 18 years old. The author would like to include only those who are legal adults as the choice of a home bank in the case of an underage person is often influenced by their parents or legal guardians due to specific user advantages. Furthermore, the bank accounts of an underage person are linked to the parent's or legal guardians' bank accounts.

The research aim of the thesis is to determine the driving influences of customer loyalty specific to private customers among banks in Estonia. The research will fill in the gap of highlighting and bringing awareness to the factors influencing the customer loyalty of private customers among banks in Estonia. The following thesis will provide a foundation for future research to use the results of the thesis to conduct enhanced specific research based on the results provided. Moreover, the research can provide banks operating in Estonia to use the research results to benefit from the advantages related to customer loyalty.

Based on previous research, the author established the following hypotheses, which are intended to be accepted or rejected in the fourth chapter "Findings and Results":
H1: Perceived quality has a positive correlation with the customer loyalty of private customers (Rajendran, 2018).
H2: Customer satisfaction has a positive correlation with the customer loyalty of private customers (Fornell *et al.,* 1994), (Chuah *et al.,* 2017), (Nguyen *et al.,* 2020), (Tegambwage & Kasoga, 2022).
H3: Customer trust has a positive correlation with the customer loyalty of private customers (Ranaweera & Prabhu, 2003), (Hsu, 2008), (Utami, 2015), (Leninkumar, 2017), (Omoregie *et al.,* 2019).

In order for the author to collect information for testing the research hypotheses, the author has formed a questionnaire survey that asks questions based on the respondents' perceived quality, satisfaction, trust, and loyalty. The questionnaire questions are set to identify the correct target sample and then ask questions regarding the customer's perceived quality, satisfaction, trust and loyalty towards their home bank. The first two questions aim to determine whether the respondent is suitable according to the sample target. Question three aims to gather information on whether they have changed their home bank, and question four provides information on the reasoning behind changing their home bank. Questions five and six aim to gather information regarding the customer's perceived quality. Question seven aims to discover how many respondents have considered changing their home bank. Questions eight and nine aim to gather information regarding the customer's level of satisfaction. Questions ten and eleven aim to gather information regarding the respondent's trust in their home bank. Questions twelve and thirteen aim to gather information regarding the respondent's loyalty to their home bank. Questions six, nine and eleven ultimately relate to question thirteen, where the respondent is asked to state whether they consider themselves loyal to their home bank. Questions fourteen to seventeen aim to gather demographic information of the respondents. The questions asked in the questionnaire are provided in two different types, with 16 structured questions and one semi-structured question. The author of the research has used 5-point Likert scale questions for questions used to test the hypothesis of the research.

The following figure (see Figure 2) presents the questions of the survey questionnaire used to test the hypotheses set by the author.
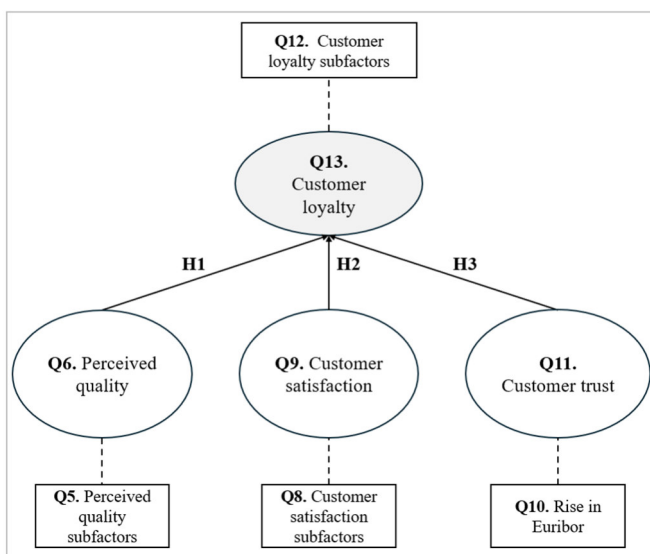

Figure 2. Research questionnaire survey design
Source: Created by the author based on Appendix 1.

The author intends to use Pearson's correlation coefficient (r) to measure the linear relationship between two variables. The correlation coefficient ranges from -1 to +1. Positive correlation coefficient values suggest a tendency for one variable to rise or decrease in tandem with another one. Negative correlation coefficient values suggest a tendency for an increase in one variable to be connected with a decline in the other variable and vice versa. Correlation coefficient values close to zero suggest a weak linear relationship between two variables, whereas those close to -1 or +1 indicate a strong linear relationship between two variables (Kirch, 2008, pp. 1090-1091).

Pearsons's correlation coefficients are calculated with the following mathematical formula:

$$r = \frac{\sum(xi-\bar{x})(yi-\bar{y})}{\sqrt{\sum(xi-x)^2 \Sigma(yi-\bar{y})^2}} \tag{1}$$

where

r	-	correlation coefficient
xi	-	values of the x-variable in a sample
$\bar{x}$	-	mean of the values of the x-variable
yi	-	values of the y-variable in a sample
$\bar{y}$	-	mean of the values of the y-variable

Furthermore, the author aims to use regression analysis as a statistical method to assess the structure of a relationship between two variables or three or more variables. Multiple regression has been used for the following thesis, which assesses the relationship between a minimum of two independent variables and the dependent variable (Cort, 2021).

The multiple regression formula used to calculate the relationship between the variables in the thesis is the following:

$$\textbf{\textit{Customer loyalty}} = a + \beta1(Percieved\ quality) + \beta2\big(\beta2(Customer\ Satisfaction)\big) \tag{2}$$
$$+ \beta2(Customer\ Trust)$$

where

Perceived quality   - perceived quality score (independent variable)
Customer satisfaction - customer satisfaction score (independent variable)
Customer trust   - customer trust score (independent variable)
ε - error term, equal to $Y - \hat{y}$, or the difference between the actual value of the dependent variable and its expected value.

The dependent variables chosen for the thesis are perceived quality, customer satisfaction and customer trust. The independent variable is customer loyalty. The use of a multiple regression analysis of the variables will aid the author in testing the hypotheses set.

3. RESULTS AND DISCUSSION

The following chapter will showcase the results of the research data gathered, as explained in chapter two of the thesis, and give practical value regarding customer loyalty to banks operating in Estonia. In total, 221 people provided answers in the online survey questionnaire, of which 219 were deemed suitable for data analysis. The author has used SPSS and Excel to conduct the data analysis and visualisation for the thesis. The analysis findings aim to answer the research questions, fulfil the research aim and test the hypotheses of the thesis. The chapter also gives suggestions for research conducted in the future.

3.1. Customer characteristics

Age Group – With the collected data, the youngest respondents were 18 years old, and the oldest respondent was 77 years old. The mean age of the respondents was 37 years old. The most prevalent age group was 18 to 29 years old (79 respondents), second was 30-39 years old (61 respondents), third was 40-49 years old (59 respondents), fourth was 50 to 59 years old (17 respondents) and last were respondents over 60 years old (6 respondents).

Gender – The overwhelming majority of respondents were female, with a total of 182 female respondents compared to 37 male respondents.

Education – Most respondents have a higher education (62% share), while the rest have secondary, vocational or secondary specialised education (38%). There were no respondents with only basic education.

Profession – Respondents were primarily working specialists (32% share), the second most popular profession were students (18%), third were middle-level managers (12% share), fourth were top-level specialists (10% share), fifth were top-level managers/management board members (9% share) and other professions made up for the minority of respondents (please see the demographic overview in Appendix. 2 for more detailed information).

Bank and home bank – Out of the 219 respondents, there were a total of 452 accounts open across all 11 banks. The mean number of accounts opened per person was two accounts. The most popular

banks in terms of opened bank accounts were Swedbank AS (161 bank accounts opened), AS LHV Pank (110 bank accounts opened), and AS SEB Pank (94 bank accounts opened), followed by eight other banks. The home bank of most respondents was Swedbank AS (108 respondents with a share of 49.3%), second most popular was AS SEB Pank (64 respondents with a share of 29.2%), third was AS LHV Pank (36 respondents with a share of 16.4%), fourth was Luminor Bank AS (8 respondents with a share of 3.7%) and lastly Coop Pank AS (3 respondents with a share of 1.4%). There were a total of 8 banks that were not the home bank of any of the respondents.

The following figure (see Figure 3) presents the distribution of accounts opened in different banks and the distribution of home banks of the respondents.
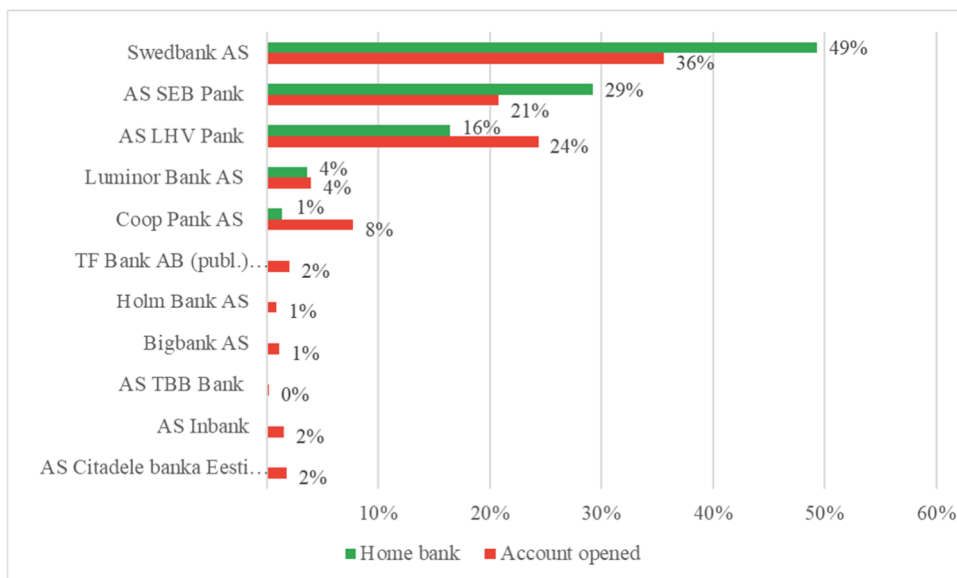
Figure 3. Accounts opened and home banks of the respondents, n=219
Source: Created by the author based on data collected from the online questionnaire.

Out of the 219 respondents, 125 (57%) have never switched their home bank and 94 (43%) people have switched their home bank. The reasoning for respondents switching their home bank was minimal in regards to limited accessibility to ATMs and physical branches, with 1% citing this as a reason for changing banks. A minority of 6% stated that they did not trust their bank; this implies the potential for implementing transparent communication strategies, providing more precise information about financial products and services, and prioritising customer education. Factors relating to financial incentives were a significant reason for switching home banks; for the respondents who have previously switched home bank, 27% of those switched due to another bank offering a lower interest rate, 13% deemed their home bank too expensive, 4% switched due to a lack of discounts and special offers and 3% left due to being offered a more attractive deposit rate.

Cost consideration-related factors caused the respondents to switch their home bank 46% of the time, underscoring the pivotal role of competitive interest rates in shaping customer decisions in Estonia. Factors related to products and services show considerable dissatisfaction; 23% of the respondents were dissatisfied with the offering of their previous home bank, 14% felt that the quality did not meet their expectations, and 8% stated that there was a lack of services and products. These results suggest that the importance of comprehensive service offerings and quality to customers plays a significant role in optimising customer retention.

The following figure (see Figure 4) presents why the respondents previously switched their home bank.
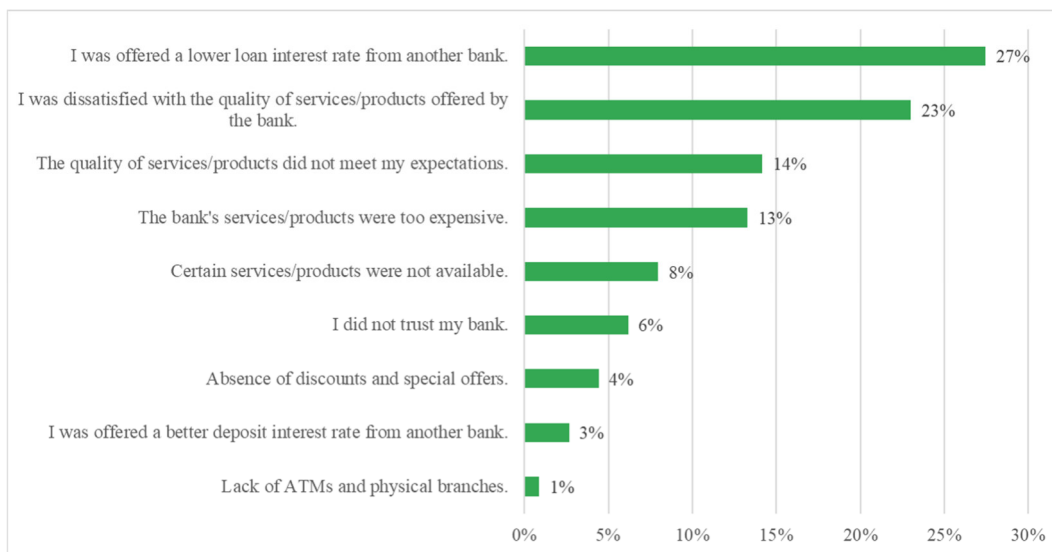
Figure 4. Reasons for previously switching home banks, n=219
Source: Created by the author based on data collected from the online questionnaire.

The average respondent is a customer of two banks, and 43% have switched their home bank, which is crucial for customer loyalty research. It suggests that in Estonia, there is a dynamic and competitive banking environment where customers actively engage with multiple banks and are willing to switch their primary banking relationship. Understanding the reasons behind these switches and the factors influencing customers to maintain relationships with multiple banks provides valuable insights for banks seeking to enhance customer loyalty. Analysing these factors further can aid in crafting targeted strategies to retain customers and address the factors influencing switching behaviour to foster long-term customer loyalty.

3.2. Factors of customer loyalty

The results of the questionnaire survey reveal distinct differences in perceptions among customers who have considered leaving their current home bank and those who have not. Customers contemplating a switch have a lower mean in perceived quality (-0.69), satisfaction (-0.87), trust (-0.58), and loyalty (-0.78) compared to those who have not considered leaving. This emphasises the potential role of perceived quality, satisfaction, trust, and loyalty in influencing customers to remain with their current home bank. Addressing these factors is crucial for banks aiming to enhance customer retention and loyalty in a competitive banking landscape.

The following figure (see Figure 5) presents the mean of perceived quality, satisfaction, trust and customer loyalty separately based on whether they have considered leaving their home bank.
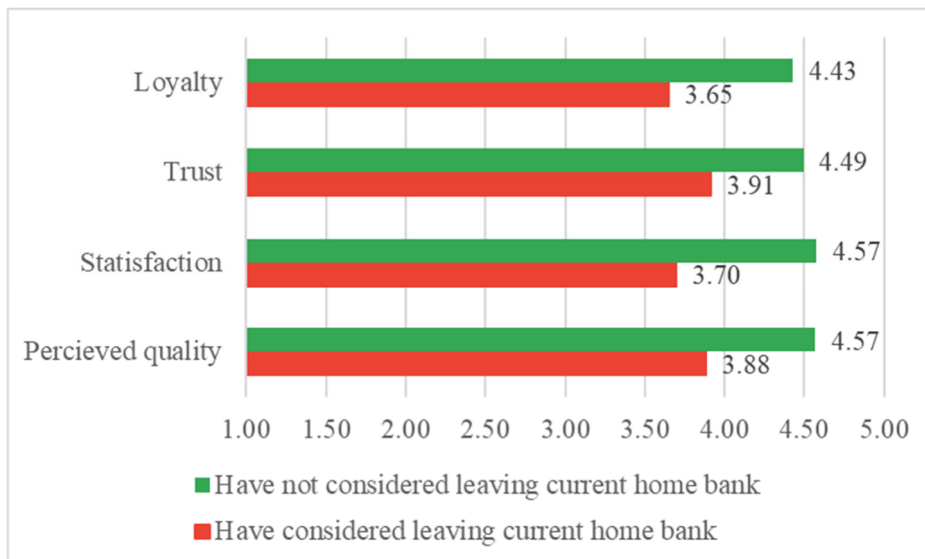
Figure 5. Mean of customer loyalty factors of respondents who have and have not considered leaving their home bank, n=219
Source: Created by the author based on data collected from the online questionnaire.

Respondents were asked to rate their perceived quality, satisfaction, trust and loyalty with their home bank. The highest mean of an agreement to perceived quality was for AS LHV Pank, with a mean of 4.75, and Luminor Bank AS, with the lowest mean of 3.13. The highest mean of satisfaction was for Coop Pank AS, which received a mean of 4.67, and Luminor Bank AS had the lowest mean of 3.00. The highest mean for trust was Coop Pank AS, with a mean of 4.67, and Luminor Bank AS, with the lowest mean of 3.50. The highest mean for customer loyalty was Coop Pank AS, with a mean of 4.67, and Luminor Bank AS, with the lowest mean of 3.50.

Table 2. Mean of customer loyalty factors of respondents per home bank of the respondents, n= 219

	Perceived quality	Satisfaction	Trust	Loyalty
AS LHV Pank	4.75	4.64	4.56	4.44
AS SEB Pank	4.25	4.09	4.31	4.09
Coop Pank AS	4.67	4.67	4.67	4.67
Luminor Bank AS	3.13	3.00	3.50	3.50
Swedbank AS	4.36	4.39	4.28	4.19

Source: Created by the author based on data collected from the online questionnaire.

The respondents were asked to state their agreement on whether the quality of services and products offered by their home bank met their expectations. According to the online survey, the majority of customers felt that the quality products and services offered by their home bank meet their expectations. A significant 47% of respondents strongly agreed that the quality of services and products met their expectations, with another 42% agreeing that their expectations were met. Therefore, a significant majority of 89% of respondents felt that their quality expectations for services and products offered by their home bank were met. A total of 8% of the respondents stayed neutral, 1% disagreed, and 1% strongly disagreed when asked whether the products and services offered by their home bank meet their expectations. The online questionnaire results show that customers often prioritise the products and services offered by their home bank when choosing a home bank.

The following figure (see Figure 6) presents the respondent's agreement to whether the quality of services and products offered by their home bank meets their expectations.
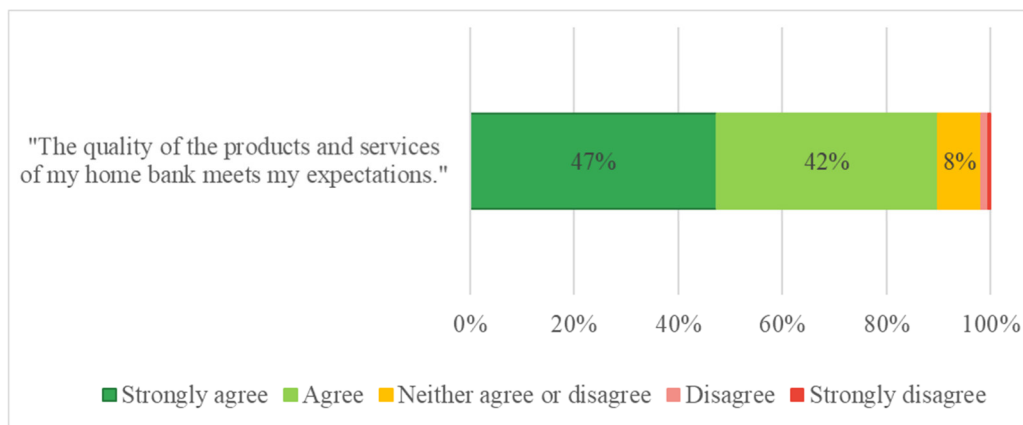
Figure 6. Respondent's agreement on home bank services and product quality, n =219
Source: Created by the author based on data collected from the online questionnaire.

The survey respondents were asked to state whether they agreed or not with various statements related to the products and services of their home bank. In general, the respondents agreed with the statements seen in Figure 7. The statements that were mostly agreed with in terms of their home bank were: easy-to-use internet bank with an agreement level of 89%, employee professionalism with an agreement level of 86%, and easy-to-use ATMs with an agreement level of 86%. The lowest levels of agreement were seen for visually attractive physical locations, with an agreement level of just 59%, followed by visually attractive payment cards, with an agreement level of 65%. The ability to quickly find answers to problems on the respondent's home bank also shows somewhat lower agreement levels, with an agreement level of 67%, followed by prioritisation of problems and complaints being solved with an agreement level of 68%. Overall, the respondents showed high levels of agreement with the statements provided; the results show that customers generally expect higher levels of quality in visually attractive physical locations and payment cards.

The following figure (see Figure 7) presents quality subfactors in home banks.
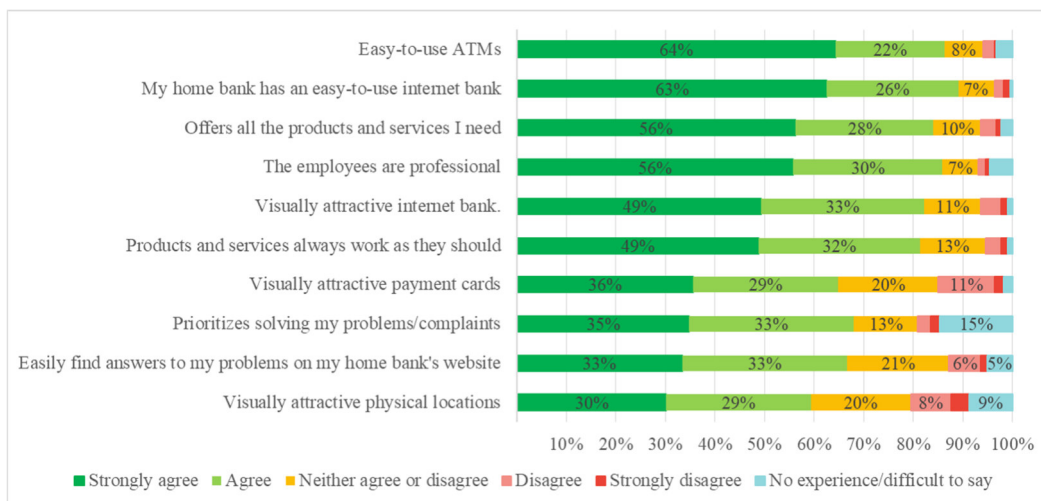
Figure 7. Agreement on quality subfactors in home banks, n=219
Source: Created by the author based on data collected from the online questionnaire.

In Table 3. the person's correlation table showcases the correlation between perceived quality and subfactors for the quality of products and services offered by the respondent's home bank. Questions presented in the table can be found in Appendix 1. A weak correlation was found between easy-to-use ATMs and perceived quality, suggesting that the ease of using ATMs is not strongly correlated with the perceived quality of the respondent's home bank. Furthermore, easy-to-use ATMs showed the lowest overall correlation that perhaps can be distinguished as a factor that adds little impact on the overall perceived quality of the respondents. The results of the

remaining variables show a moderate to strong correlation with perceived quality, highlighting the most critical and impactful factors of the respondents' perceived quality.

Table 3. Pearson Correlation for perceived quality subfactors of home bank services and products

	Q6	Q5.1	Q5.2	Q5.3	Q5.4	Q5.5	Q5.6	Q5.7	Q5.8	Q5.9	Q5.10
Q6	1.00										
Q5.1	0.41	1.00									
Q5.2	0.50	0.66	1.00								
Q5.3	0.45	0.39	0.58	1.00							
Q5.4	0.39	0.32	0.41	0.48	1.00						
Q5.5	0.27	0.36	0.40	0.43	0.38	1.00					
Q5.6	0.53	0.45	0.55	0.43	0.40	0.50	1.00				
Q5.7	0.55	0.55	0.64	0.48	0.46	0.53	0.65	1.00			
Q5.8	0.55	0.53	0.54	0.49	0.45	0.48	0.58	0.71	1.00		
Q5.9	0.50	0.41	0.50	0.41	0.37	0.42	0.54	0.55	0.56	1.00	
Q5.10	0.42	0.49	0.50	0.47	0.45	0.53	0.57	0.59	0.58	0.60	1.00

Source: Created by the author based on data collected from the online questionnaire.

The respondents were asked to state their overall satisfaction with their home bank. The survey questionnaire results show that 89% of customers are satisfied with their home bank, of which 43% of respondents stated that they are very satisfied with their home bank and 46% are satisfied with their home bank. Only 9% of respondents were dissatisfied or satisfied with their home bank. A minor share of 2% of respondents were dissatisfied with their home bank, and 1% of the respondents were very dissatisfied with their home bank. The survey results show that most respondents were generally satisfied with their home bank.

The following figure (see Figure 8) presents the distribution of satisfaction in home banks by the survey respondents.
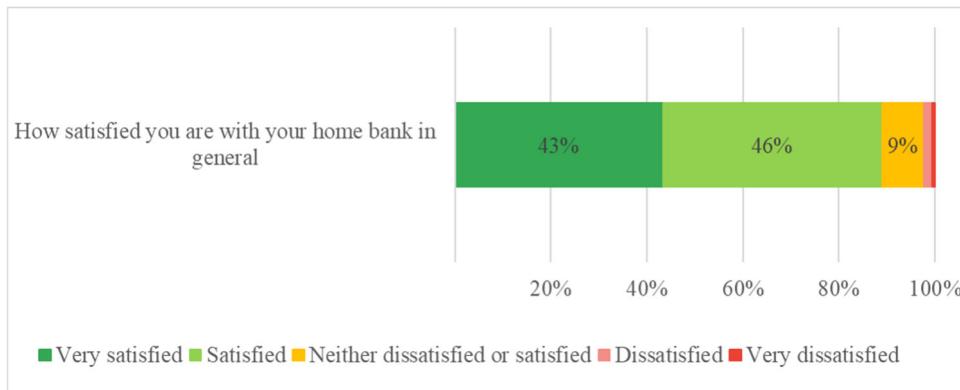
Figure 8. Distribution of satisfaction, n=219
Source: Created by the author based on data collected from the online questionnaire.

To expand on satisfaction, respondents were asked to state their level of satisfaction with various subfactors based on products and services provided in Figure 9. The highest satisfaction was given for customer service and reliability of products/services, with 89% of the respondents considering themselves as either satisfied or very satisfied. High satisfaction was also given to the user-friendliness of the respondent's home bank (86%) and the variety of services and products offered (84%). Somewhat lower but still high satisfaction was given for customer service availability (77%), response times (77%), availability of ATMs (74%) and fees (66%). The lowest levels of satisfaction were given to the location of the bank's branches (58%), discounts and offers (53%), interest rates on loans (41%) and interest rates on deposits (36%). Overall, the respondents showed higher satisfaction regarding everyday banking services. The lowest satisfaction levels were primarily related to interest rates and discounts, i.e., subfactors related to customers' purchasing power.

The following figure (see Figure 9) presents home banks' distribution of customer loyalty subfactors.
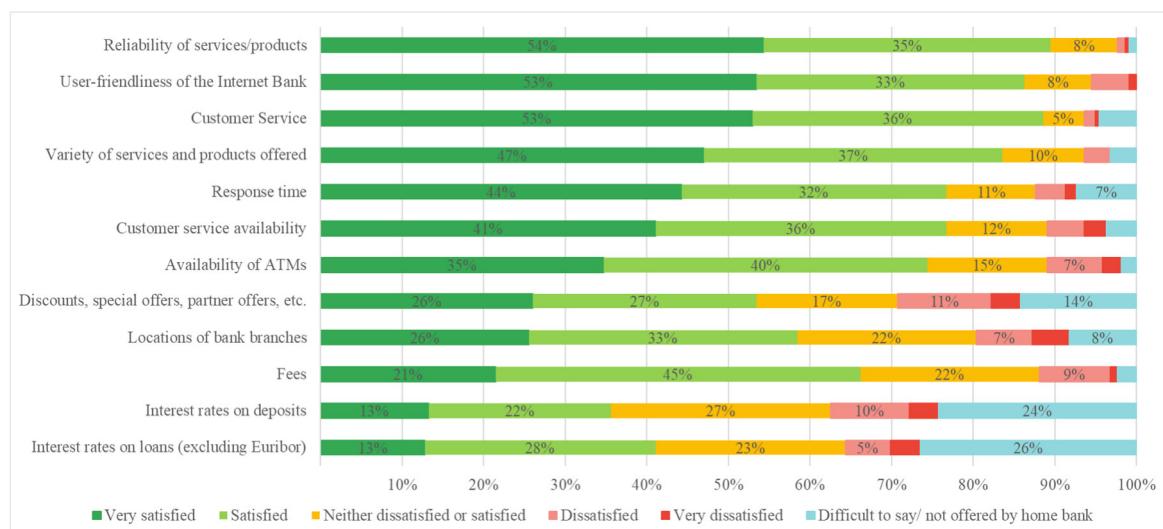
Figure 9. Customer satisfaction subfactors, n=219
Source: Created by the author based on data collected from the online questionnaire.

In Table 4. Pearson's correlation table showcases the correlation between customer satisfaction and subfactors for respondents' home bank satisfaction. Questions presented in the table can be found in Appendix 1. The results of Pearson's correlation table vary from weak to strong correlation. The lowest correlation is between the variables that are largely unrelated to each other, such as the weak 0.12 correlation between the availability of ATMs and discounts, special offers,

partner offers, etc. Other areas where high correlation can be seen are primarily related, such as the strong 0.71 correlation between bank fees and interest rates on deposits that deal with the customers purchasing power. The correlation between the overall satisfaction variable and customer satisfaction subfactor variables was moderate to strong. The highest impacting variables for overall customer satisfaction were loan user-friendliness of the internet bank (0.56), customer service (0.54), response times (0.52) and discounts, special offers, partner offers etc (0.52). Unsurprisingly, the weakest correlation was variables related to the availability of ATMs (0.32) and location of physical bank branches (0.30); this result signals the ongoing trend of today's banking where customers find physical banking less important and prefer online banking as user-friendliness of the internet bank had the highest correlation with customer satisfaction.

Table 4. Pearson Correlation for customer satisfaction subfactors of home banks

	Q9	Q8.1	Q8.2	Q8.3	Q8.4	Q8.5	Q8.6	Q8.7	Q8.8	Q8.9	Q8.10	Q8.11	Q8.12
Q9	1.00												
Q8.1	0.32	1.00											
Q8.2	0.41	0.35	1.00										
Q8.3	0.30	0.48	0.54	1.00									
Q8.4	0.54	0.40	0.69	0.43	1.00								
Q8.5	0.40	0.19	0.37	0.27	0.35	1.00							
Q8.6	0.38	0.19	0.42	0.38	0.37	0.47	1.00						
Q8.7	0.42	0.28	0.44	0.41	0.47	0.50	0.71	1.00					
Q8.8	0.56	0.28	0.30	0.28	0.53	0.37	0.29	0.37	1.00				
Q8.9	0.50	0.33	0.47	0.27	0.61	0.42	0.45	0.48	0.61	1.00			
Q8.10	0.50	0.32	0.53	0.34	0.63	0.47	0.44	0.49	0.58	0.69	1.00		
Q8.11	0.52	0.26	0.54	0.28	0.64	0.48	0.48	0.41	0.53	0.64	0.58	1.00	
Q8.12	0.52	0.12	0.38	0.35	0.45	0.39	0.43	0.41	0.46	0.49	0.50	0.58	1.00

Source: Created by the author based on data collected from the online questionnaire.

The respondents were asked to state their trust towards their home bank. A substantial 46% of respondents stated that they strongly trust their home bank, with an additional 42% stating that

they trust their home bank; together with those who strongly trust and only trust their home bank, 88% of respondents trust their home bank. This result signals the high reliability of banks in Estonia. A total of 11% of the respondents stayed neutral when asked to state their trust. Only 2% of the respondents stated they did not trust their home bank. Those who stated they did not trust their home bank also stated that the increase in Euribor rates has negatively impacted their trust towards their home bank. Overall, the questionnaire results demonstrate respondents' positive trust in their home bank.

The following figure (see Figure 10) presents the distribution of trust by respondents to their home banks.
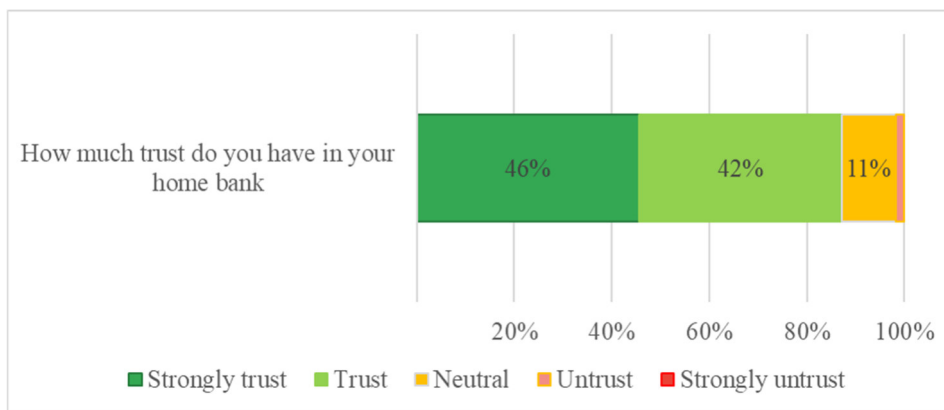
Figure 10. Trust in home banks, n=219
Source: Created by the author based on data collected from the online questionnaire.

In light of the recent rise in Euribor, respondents were asked to state whether the rise had decreased their trust in their home bank. Most respondents reported having experience with Euribor interest rates (81%), of which 67% stated that it had not decreased their trust towards their home bank, 13% stayed neutral, and 20% stated that it had decreased their trust towards their home bank. The following result shows that most customers know that Euribor rates are not set by their home bank. Transparency and communication are essential for banks in Estonia, as 20% of customers have less trust towards their bank for interest rates outside their home bank's direct control. A minority of 19% of the respondents had no experience or found it difficult to respond concerning the impact of trust towards their home bank due to the recent rise in Euribor interest rates.

The following figure (see Figure 11) presents the agreement to whether the recent rise in Euribor interest rates on the respondent's trust towards their home bank.
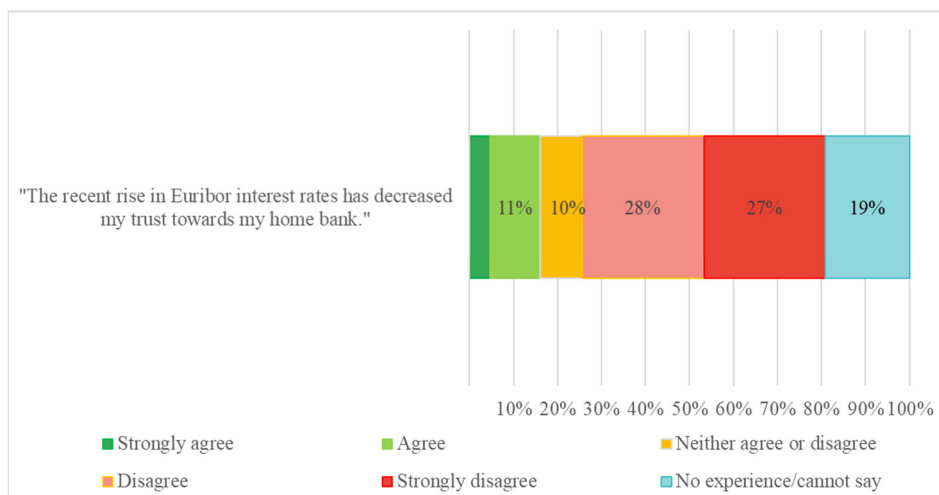
Figure 11. Euribor interest rate effect on trust towards home banks, n =219
Source: Created by the author based on data collected from the online questionnaire.

Respondents were asked various questions regarding their loyalty behaviour towards their home bank to explain loyalty further. The overwhelming majority of respondents agreed to speak positively (81%) and recommend (78%) their home bank to their friends and family. Answers regarding leaving positive feedback to their bank were much lower than those of friends or family, as only 26% agreed to always leave positive feedback to their home bank. This result may be the result of the ease of giving quick vocal feedback to friends and family, whereas leaving positive feedback to their home bank requires additional time. Due to the nature of banking, respondents largely stayed neutral or disagreed with trying new products and services of the bank. Many banks offer various products and services targeted towards customers of different age groups or socioeconomic backgrounds; for example, private banking is primarily offered to customers with higher income and net worth than your average customer. Most respondents stayed neutral or disagreed with staying at their home bank if it was more expensive than another bank, showcasing the sensitivity and importance of pricing for private home bank customers in Estonia. A minority of 24% of the respondents agreed to staying at their home bank even if it is more expensive than other banks.

The following figure (see Figure 12) presents the distribution of customer loyalty subfactors in home banks.
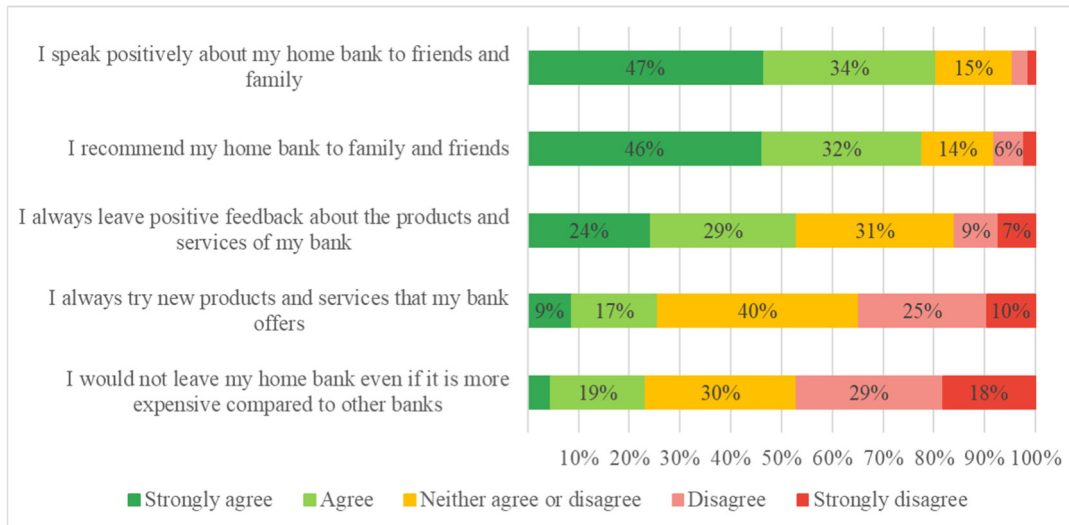
Figure 12. Customer loyalty subfactors, n=219
Source: Created by the author based on data collected from the online questionnaire.

The respondents were asked about their overall loyalty, and a significant proportion of respondents (82%) agreed with the statement of being a loyal customer of their home bank, suggesting a robust sense of loyalty among the respondents. A considerable number of the respondents (16%) stayed neutral regarding their loyalty; neutrality could have been reasoned by the fact that their specific factors were not addressed in the previous questions of the questionnaire. Noteworthy is that no respondent strongly disagreed with being loyal, and a minor 2% disagreed with being a loyal customer of their home bank.

The following figure (see Figure 13) presents loyalty distribution in home banks.
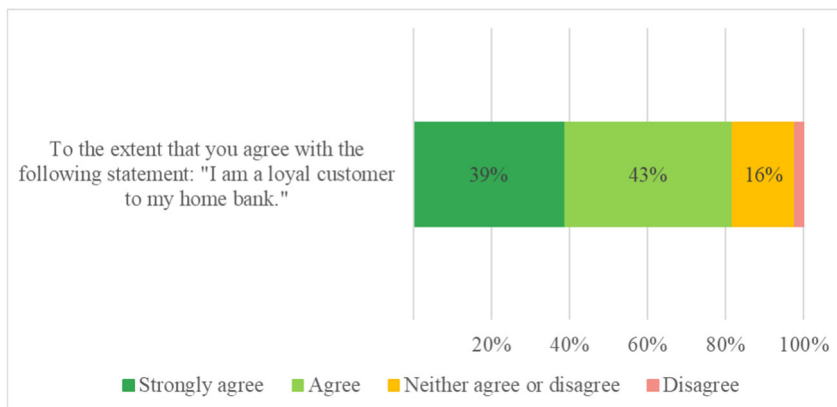
Figure 13. Loyalty in home banks, n=219
Source: Created by the author based on data collected from the online questionnaire.

32

In Table 5. Pearson's correlation table showcases the correlation between customer loyalty and subfactors for loyalty of the respondent's home bank. Questions presented in the table can be found in Appendix 2. The subfactor variables largely showed a moderate correlation with overall customer loyalty. The highest correlation with overall customer loyalty was impacted by respondents speaking positively (0.47) and recommending (0.47) their home bank to their friends and family; these subfactors were also strongly correlated (0.85), suggesting multicollinearity due to the similarity of the subfactors. The weakest correlation with overall loyalty was trying new products and services that the respondent's home bank offers; again, given the nature of the banking products and services, the result is expected. However, there is a high correlation (0.55) between leaving positive feedback for products and services, suggesting customers are likely only to use products and services they require and do not necessarily need to try every product or service.

Table 5. Pearson Correlation for customer loyalty subfactors in home banks.

	Q13	Q12.1	Q12.2	Q12.3	Q12.4	Q12.5
Q13	1.00					
Q12.1	0.47	1.00				
Q12.2	0.47	0.85	1.00			
Q12.3	0.32	0.47	0.45	1.00		
Q12.4	0.21	0.40	0.37	0.55	1.00	
Q12.5	0.41	0.37	0.39	0.41	0.46	1.00

Source: Created by the author based on data collected from the online questionnaire.

In general, customers of banks operating in Estonia showed high levels of perceived quality, customer satisfaction, customer trust and customer loyalty towards their home bank. These levels vary for those based on their bank and whether they have already contemplated leaving their current home bank.

3.3. Regression analysis

The results of the multiple regression analysis are presented in Table 6. Prior to the analysis, the author excluded perceived quality from the regression analysis due to multicollinearity with customer satisfaction ($r = 0.723$, VIF 2.33, p-value .281), thus not providing a foundation for rejecting the null hypothesis. The regression results support the positive correlation between customer satisfaction and customer trust on customer loyalty for home bank private customers

among banks in Estonia. The results show that 38% of the variance in customer loyalty levels can be explained by customer satisfaction and customer trust. The standardised coefficient for customer satisfaction (.426) and customer trust (.291) both suggest a positive and statistically significant relationship with customer loyalty. On a 0.05 significance level, we can reject the null hypothesis for both customer satisfaction ($p < 0.001$) and customer trust ($p < 0.001$) and conclude that there is a statistically significant relationship present between the customer satisfaction and trust with customer loyalty. Furthermore, in the regression analysis, a high correlation (0.61) was identified between customer satisfaction and customer trust.

Table 6. Regression analysis

Variable	R square (R^2)	Standard Coefficient	Unstandardised Coefficient	p-value
H2: Customer satisfaction		.404	.426	1.05871E-08*
H3: Customer trust	.375	.275	.291	6.96761E-05*
Dependent variable: Customer Loyalty				

Source: Created by the author based on data collected from the online questionnaire.
Note: Significance level: * $p < 0.001$

In conclusion, the findings show that both customer satisfaction and customer trust have a moderate to high and significant impact on customer loyalty. The p-values below < 0.001 give strong evidence against the null hypothesis and confirm the availability of the independent variables. The model has a high explanatory power, as evidenced by the R^2 value. The null hypothesis was accepted in the case of perceived quality due to multicollinearity with customer satisfaction,

3.4. Discussion

The research aim of the thesis was to determine the driving influences of customer loyalty specific to private customers among banks in Estonia with the help of the following research question: Do perceived quality, customer satisfaction, and customer trust influence the customer loyalty of private customers among banks in Estonia? In addition to the research question, the author set three hypotheses to test whether perceived quality, customer satisfaction and customer trust influence the customer loyalty of private customers among banks in Estonia. Data was gathered using an online survey questionnaire to test the hypotheses. A total of 221 respondents answered the questionnaire. Following a screening process, 219 responses were considered appropriate for further analysis. The author used the statistical program SPSS to assess the influence of the chosen factors on loyalty. This involved calculating the relative correlation coefficients through Pearson's correlation for the selected independent and dependent variables. Additionally, a multiple regression analysis was performed for hypothesis testing, considering R square, standardised and unstandardised values, and p-value.

In general, customers of banks operating in Estonia showed high levels of perceived quality (mean: 4.35), customer satisfaction (mean: 4.30), customer trust (mean: 4.31) and customer loyalty (mean: 4.18) towards their home bank. The findings indicate that a considerable proportion (47%) of respondents have undergone a home bank switch. Among customers presently affiliated with their home bank, a noteworthy segment (32%) contemplates a potential change in their home bank. Notably, respondents who have considered the idea of leaving their home bank exhibit mean reductions of -0.69 in perceived quality, -0.87 in satisfaction, -0.58 in trust, and -0.78. These outcomes underscore the significance for banks to make continuous improvements and efforts to preserve customer retention to benefit from business advantages suggested by (Reichfeld, 2001, p. 1), (Thomas & Tobe, 2013) and (Rane *et al.,* 2023). From a bank-to-bank standpoint, Estonian-founded banks demonstrate superior means in perceived quality, satisfaction, trust, and loyalty, indicating a private customer base potentially exceeding the current advocate level.

Following Payne's (1994) ladder of customer loyalty, respondents of the online survey questionnaire affirmed their loyalty, yielding a mean score of 4.18; notably, minor 2% disagreed with being a loyal customer of their home bank. However, just 23% of participants agreed to remain loyal to their existing home bank if they offered a cheaper home bank. This finding suggests that the typical private customer in an Estonian bank is unwilling to adopt an unwavering

commitment of a partner customer or to go "against all odds and at all costs," as proposed by Oliver (1999). Furthermore, the respondents' loyalty remains doubtful, considering that the average respondent was a customer of two or more banks. The difference between the mean for perceived quality, satisfaction, trust, and loyalty for the respondents' home bank and other bank accounts is a study limitation. Despite lacking the categorisation of partner customers, the study's results reveal that 53% always leave positive feedback to their home bank, 78% of home bank customers actively recommend their home to friends and family, and 81% express positive sentiments about their home bank to family and friends. These findings suggest that the customers are "advocate" customers according to the customer loyalty ladder as the respondents actively recommend their home bank, the quality meets their expectations, they are satisfied and consider themselves loyal. Furthermore, the loyalty of private customers in Estonia can be described as behavioural loyalty, as most customers are not ready to go "above and beyond" to maintain their relationship with their home bank (Hofmeyr & Rice, 2000).

Respondents of the survey questionnaire showed a largely positive attitude towards their perception of the quality of their home bank, with only 1% of the respondents disagreeing; this finding suggests that banks operating in Estonia meet the diverse needs of customers and reliability or the extent to which the firm's offering is dependable, standardised, and fault-free as mentioned by (Fornell *et al.,* 1994). Despite the high perception of perceived quality, the findings of the thesis show that perceived quality is not an influencing factor of customer loyalty, as the null hypothesis was accepted due to multicollinearity with customer satisfaction (r = 0.723, VIF 2.33, p-value .281), thus rejecting the claims made by (Rajendran, 2018). This finding, however, is close to previous studies by (Nikhashemi & Valaei, 2018) and (Rambocas et al., 2018), which claim that perceived quality is closely related to customer satisfaction. From the perspective of ratings given to specific banks, Luminor Bank AS showed the lowest results in perceived quality and with a low market share, this draws awareness to (Benkenstein & Yavas, 2007), who stated that delivering high-quality service to customers allows companies to differentiate themselves in competitive markets. Secondly, Luminor Bank AS also showed the lowest loyalty, which is in support of the claim made by Ding & Tseng (2015), suggesting that the loyalty of customers is parallel to the experienced brand quality. Within the subfactors of perceived quality, payment cards received the lowest score, showing room for development and innovation in the visual appeal of payment cards offered by banks in Estonia. Results of Pearson's correlation between overall perceived quality and its subfactors showed moderate to high correlation apart from easy-to-use ATMs (0.27); the author suggests that with the decline in the use of cash, ATMs today add little customer value.

The respondents to the survey questionnaire showed high satisfaction with their home bank, with only 2% stating that they were dissatisfied with their home bank. The findings of the thesis support earlier research (Fornell *et al.,* 1994), (Chuah *et al.,* 2017), (Nguyen *et al.,* 2020), (Tegambwage & Kasoga, 2022), which claim that customer satisfaction is an influencing factor of customer loyalty as the null hypothesis was rejected. Furthermore, customer satisfaction was identified as the most significant influencer of customer loyalty (β .426) out of the selected variables. In addition to rejecting the null hypothesis (Kumar *et al.,* 2013), customer satisfaction can be viewed as appropriate in determining the influence of customer loyalty for private customers of banks in Estonia. The findings reject the suggestion made by (Leninkumar, 2017) as it was found that customer satisfaction shares a direct relationship with customer loyalty and is not mediated by customer trust. The high levels of perceived quality driven by low dissatisfaction indicate that banking services are highly valued by private customers in Estonia (Hallowell, 1996). The subfactors with the lowest satisfaction were seen in interest rates and discounts, i.e., subfactors that are related to the customers purchasing power. Pearson's correlation between satisfaction and the subfactors of customer satisfaction supports the switch from traditional banking to modern banking, as ATM availability and physical branch location are minimally correlated with satisfaction. In contrast, internet bank user-friendliness showed the strongest correlation.

The respondents showed very positive trust towards their home bank, only 2% of the respondents stated that they do not trust their home bank. High levels of trust can be interpreted as the banks of Estonia causing limited bad experiences with their customers and that banks operate in the best interests of their customers (van Esterik-Plasmeijer & van Raaij, 2017). The findings of the thesis support the prior research of Ranaweera & Prabhu (2003), Hsu (2008), Utami (2015), Leninkumar (2017) and Moregie *et al.,* (2019) as customer trust was found to be an influencing factor of customer loyalty for private customers of home banks in Estonia. Furthermore, in the regression analysis, a high correlation (0.61) was identified between customer satisfaction and customer trust, providing support for the claims that customer trust is essential for building satisfaction and loyalty (Amegbe & Osakwe, 2018) and support the previous positive associations made between customer satisfaction and customer loyalty (Crosby *et al.,* 1990), (Yoon & Kim, 2000) and (Dabholkar & Sheng, 2012). Furthermore, claims made by (Ranaweera & Prabhu, 2003) that customer trust influences customer loyalty more than customer satisfaction are not supported by the thesis, as customer satisfaction was found to have a more significant influence on customer loyalty. Given that the respondents were only asked to state their trust towards their home bank, the author of the

thesis recognises this as a limitation in the thesis as it is unknown which factors were taken into consideration by the respondents.

In light of the recent rise in Euribor interest rates, the author of the thesis expanded on the topic of trust. Results of the study showed that most customers know that Euribor rates are not set by their home bank. Banks in Estonia should consider the importance of transparency and communication as 20% of customers with Euribor experience have less trust towards their home bank. This finding is significant as the Euribor is not set by banks in Estonia.

The necessity for additional research to enhance customer retention becomes apparent when considering that the typical Estonian private customer, as highlighted in this thesis, is a customer of two or more banks. The author recommends that future researchers explore a wider range of factors and examine the direct and indirect relationships with customer loyalty. This expanded research effort can establish a more robust foundation, enabling existing and future banks to pursue more incredible innovation and implement strategies for customer excellence. Furthermore, researchers and banking professionals can utilise the findings from this thesis to comprehend the motivations behind a potential switch of their home bank customers, particularly in the context of customer satisfaction and customer trust. Through ongoing and future research, there is an opportunity for banks in Estonia to attain a strong competitive advantage and enhance customer retention within the fiercely competitive private customer segment of Estonia's banking sector.

CONCLUSION

The heightened competition in the banking sector has intensified the need for customer excellence and innovation. In Estonia's digital society, customers can seamlessly switch banks due to the convenience of online banking, making the transition effortless and efficient. Understanding the elements that drive customer loyalty enables current and prospective banks to push the boundaries of innovation and customer service excellence, presenting a significant opportunity to establish a formidable competitive advantage and benefit from the numerous advantages of a loyal customer base.

The research aim of the thesis is to determine the driving influences of customer loyalty specific to private customers among banks in Estonia. The author of the thesis researched the influence perceived quality, customer satisfaction and customer trust had on the customer loyalty of private customers among banks in Estonia. To achieve the thesis aim, the author compiled a survey questionnaire with 17 questions based on the review of existing literature and studies in the specified field of study outside of Estonia. A total of 221 home bank customer respondents participated in the survey questionnaire, and 219 responses were considered suitable for further analysis.

The author of the thesis used quantitative research methods to perform the analysis. Perceived quality, customer satisfaction and customer trust were selected as the independent variables of the research and customer loyalty was selected as the dependent variable. The author set the research question and three hypotheses based on scientific resources used in the thesis.

Private bank customers of banks in Estonia generally exhibit high levels of perceived quality, satisfaction, trust, and loyalty towards their home bank. In contrast to high levels of loyalty, the findings reveal that 47% of banking customers have previously switched their home bank, with 32% of current customers contemplating a change. Respondents considering leaving show average reductions in perceived quality, satisfaction, trust, and loyalty, emphasising the need for continuous improvement to preserve customer retention. Estonian-founded banks demonstrate superior averages, indicating a customer base that is potentially more loyal.

The surveyed home bank customers show a positive attitude towards the quality of their home bank, with only 1% disagreeing. However, perceived quality does not significantly influence customer loyalty, aligning with prior studies. The findings reveal that perceived quality is closely aligned with customer satisfaction. Luminor Bank AS, with the lowest perceived quality and loyalty, emphasises the importance of delivering high-quality service for market differentiation. Payment cards score the lowest, indicating room for innovation, while ATMs show diminishing customer value with the decline in cash use.

High satisfaction with home banks is reported by respondents, with only 2% dissatisfied, supporting earlier research. Customer satisfaction emerges as the most significant influencer of loyalty, rejecting the idea of mediation by customer trust. Dissatisfaction is low despite subfactors related to purchasing power showing the lowest satisfaction. Pearson's correlation supports a shift from traditional to modern banking, with ATMs and physical branch locations having minor correlations, while internet bank user-friendliness has the highest.

Trust towards home banks is very positive (98%), interpreting limited bad experiences and banks operating in the customers' best interests. The study supports the influence of trust on loyalty but contradicts claims suggesting a more substantial influence of trust over satisfaction. Regarding the recent rise in Euribor rates, most customers know that their home bank does not set these rates. The study underscores the importance of transparency and communication, with 20% of Euribor-experienced customers expressing decreased trust.

This thesis found customer satisfaction and customer trust to be influencing factors of customer loyalty for private home bank customers of banks in Estonia. The author recommends narrowing future research into customer satisfaction and trust and exploring other factors not covered in the thesis. Moreover, these factors can be used to research the indirect and direct relationship these factors have on customer loyalty. From a practical perspective, the thesis results can be utilised by banks in Estonia to create sales and marketing strategies that strengthen customer loyalty by focusing on critical areas of customer satisfaction and trust. Furthermore, banks can utilise this data to assess their performance in the scope of customer loyalty. As outlined in this thesis, further research is essential to improve customer retention, given that the typical Estonian private customer maintains relationships with two or more banks.

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APPENDICES

Appendix 1. Questionnaire with frequency distribution

Customer loyalty factors in the Estonian banking sector

This questionnaire takes from 5 to 10 minutes. The aim of the questionnaire is to examine the main factors of customer loyalty in the Estonian banking sector. The questionnaire is for my master's thesis at Tallinn University of Technology.

NB! Please do not reply if you are not a customer of a bank operating in Estonia, as you are not part of the target group of my survey.

Thank you in advance for taking the time to respond.

All contributions will be kept anonymous.

Question	Possible answers	Frequency	Percentage
Q1. Please select the bank(s) of which you are a customer	AS Citadele banka Eesti filial	8	2%
	AS Inbank	7	2%
	AS LHV Pank	110	24%
	AS SEB Pank	94	21%
	AS TBB Bank	1	0%
	Bigbank AS	5	1%
	Coop Pank AS	35	8%
	Holm Bank AS	4	1%
	Luminor Bank AS	18	4%
	Swedbank AS	161	36%
	TF Bank AB (publ.) Eesti filial	9	2%

Source: Created by the author based on data collected from the online questionnaire.

Question	Possible answers	Frequency	Percentage
Q2. If you are a customer of several banks, choose the one you wish to answer for, it may be the bank in which you will make more transactions or consider it your home bank based on other criteria.	AS Citadele banka Eesti filial	0	0%
	AS Inbank	0	0%
	AS LHV Pank	36	16%
	AS SEB Pank	64	29%
	AS TBB Bank	0	0%
	Bigbank AS	0	0%
	Coop Pank AS	3	1%
	Holm Bank AS	0	0%
	Luminor Bank AS	8	4%
	Swedbank AS	108	49%
	TF Bank AB (publ.) Eesti filial	0	0%
	Unsure - If you do not consider any bank to be your home bank, then you can leave the survey unanswered.	-	-

46

Appendix 1 continued

Question	Possible answers	Frequency	Percentage
Q3. When was the last time you changed your home bank?	Over 10 years ago	33	15%
	From 5 to 10 years ago	29	13%
	From 4 to 5 years ago	11	5%
	to 3 years ago	18	8%
	Less than a year ago	3	1%
	I have not changed my home bank since opening an account	125	57%

Source: Created by the author based on data collected from the online questionnaire.

Question	Possible answers	Frequency	Percentage
Q4. Please answer if you have changed bank. *Please indicate the reason(s) why you changed your home bank.*	I was offered a lower loan interest rate from another bank.	31	22%
	I was offered a better deposit interest rate from another bank.	3	2%
	I did not trust my bank.	6	4%
	I was dissatisfied with the quality of services/products offered by the bank.	26	19%
	The quality of services/products did not meet my expectations.	16	12%
	The bank's services/products were too expensive.	15	11%
	Lack of ATMs and physical branches.	1	1%
	Absence of discounts and special offers.	5	4%
	Certain services/products were not available.	9	7%
	Other	26	19%

Source: Created by the author based on data collected from the online questionnaire.

Q5. When you think about your home bank, to what extent do you agree with the following statements						
Statement	Strongly disagree	Disagree	Neither agree or disagree	Agree	Strongly agree	No experience/difficult to say
Q5.1 My home bank has an easy-to-use internet bank	3	4	16	58	137	1
	1%	2%	7%	26%	63%	0%
Q5.2 My home bank has a visually attractive internet bank.	3	9	25	72	108	2
	1%	4%	11%	33%	49%	1%

Q5.3 My home bank has visually attractive physical locations	8	18	44	64	66	19
	4%	8%	20%	29%	30%	9%
Q5.4 My home bank has visually attractive payment cards	4	25	44	64	78	4
	2%	11%	20%	29%	36%	2%
Q5.5 My home bank has easy-to-use ATMs	1	5	17	48	141	7
	0%	2%	8%	22%	64%	3%
Q5.6 My home bank offers all the products and services I need	2	7	21	61	123	5
	1%	3%	10%	28%	56%	2%
Q5.7 My home bank's products and services always work as they should	3	7	29	71	107	2
	1%	3%	13%	32%	49%	1%
Q5.8 I can easily find answers to my problems on my home bank's website	3	14	45	73	73	11
	1%	6%	21%	33%	33%	5%
Q5.9 My home bank prioritises solving my problems/complaints	4	6	28	73	76	32
	2%	3%	13%	33%	35%	15%
Q5.10 The employees of my home bank are professional	4	6	28	73	76	32
	2%	3%	13%	33%	35%	15%

Source: Created by the author based on data collected from the online questionnaire.

Statement	Strongly disagree	Disagree	Neither agree or disagree	Agree	Strongly agree
Q6. To the extent that you agree with the following statement: "The quality of the products and services of my home bank meets my expectations."	1	3	18	93	104
	0%	1%	8%	42%	47%

Source: Created by the author based on data collected from the online questionnaire.

Question	Possible answers	Frequency	Percentage
Q7. Have you considered leaving your home bank?	No	152	69%
	Yes	69	31%

Source: Created by the author based on data collected from the online questionnaire.

Appendix 1 continued

Q8. How satisfied are you with your home bank with the following aspects						
Statement	Strongly disagree	Disagree	Neither agree or disagree	Agree	Strongly agree	No experience/difficult to say
Q8.1 Availability of ATMs	5	15	32	87	76	4
	2%	7%	15%	40%	35%	2%
Q8.2 Customer service availability	6	10	27	78	90	8
	3%	5%	12%	36%	41%	4%
Q8.3 Locations of bank branches	10	15	48	72	56	18
	5%	7%	22%	33%	26%	8%
Q8.4 Customer Service	1	3	11	78	116	10
	0%	1%	5%	36%	53%	5%
Q8.5 Fees	2	19	48	98	47	5
	1%	9%	22%	45%	21%	2%
Q8.6 Interest rates on loans (excluding Euribor)	8	12	51	62	28	58
	4%	5%	23%	28%	13%	26%
Q8.7 Interest rates on deposits	8	21	59	49	29	53
	4%	10%	27%	22%	13%	24%
Q8.8 User-friendliness of the Internet Bank	2	10	18	72	117	0
	1%	5%	8%	33%	53%	0%
Q8.9 Reliability of services/products	1	2	18	77	119	2
	0%	1%	8%	35%	54%	1%
Q8.10 Variety of services and products offered	0	7	22	80	103	7
	0%	3%	10%	37%	47%	3%
Q8.11 Response time	3	8	24	71	97	16
	1%	4%	11%	32%	44%	7%
Q8.12 Discounts, special offers, partner offers, etc.	8	25	38	60	57	31
	4%	11%	17%	27%	26%	14%

Source: Created by the author based on data collected from the online questionnaire.

Statement	Strongly disagree	Disagree	Neither agree or disagree	Agree	Strongly agree
Q9. How satisfied you are with your home bank in general	1	4	19	100	95
	0%	2%	9%	46%	43%

Source: Created by the author based on data collected from the online questionnaire.

Appendix 1 continued

Statement	Strongly disagree	Disagree	Neither agree or disagree	Agree	Strongly agree
Q10. To the extent that you agree with the following statement: "The recent rise in Euribor interest rates has decreased my trust towards my home bank."	60	61	21	25	10
	27%	28%	10%	11%	5%

Source: Created by the author based on data collected from the online questionnaire.

Statement	Strongly untrust	Untrust	Neutral	Trust	Strongly trust
Q11. How much trust do you have in your home bank	0	4	24	91	100
	0%	2%	11%	42%	46%

Source: Created by the author based on data collected from the online questionnaire.

Q12. To the extent that you agree with the following statements in relation to your home bank					
Statement	Strongly disagree	Disagree	Neither agree or disagree	Agree	Strongly agree
Q12. I speak positively about my home bank to friends and family	3	5	16	21	40
	1%	2%	7%	10%	18%
Q.12 2 I recommend my home bank to family and friends	7	13	19	55	63
	3%	6%	9%	25%	29%
Q.12 3 I always leave positive feedback about the products and services of my bank	33	31	68	87	65
	15%	14%	31%	40%	30%
Q.12 4 I always try new products and services that my bank offers	74	69	63	37	41
	34%	32%	29%	17%	19%
Q.12 5 I would not leavemy home bank even if it is more expensive compared to other banks	102	101	53	19	10
	47%	46%	24%	9%	5%

Source: Created by the author based on data collected from the online questionnaire.

Statement	Strongly disagree	Disagree	Neither agree or disagree	Agree	Strongly agree
Q13. To the extent that you agree with the following statement: "I am a loyal customer to my home bank."	1	4	19	100	95
	0%	2%	9%	46%	43%

Source: Created by the author based on data collected from the online questionnaire.

Appendix 1 continued

Question	Possible answers	Frequency	Percentage
Q15. Your profession	Middle manager	26	12%
	Specialist	69	32%
	Pupil/Student	40	18%
	Top manager/member of the management board	19	9%
	Customer service representative	7	3%
	Top Specialist	22	10%
	Skilled worker	8	4%
	First manager (foreman, project manager)	7	3%
	Other	4	2%
	Sales representative	1	0%
	Assistant/Administrative work	8	4%
	Unemployed/incapacity for work/pensioner	8	4%

Source: Created by the author based on data collected from the online questionnaire.

Question	Possible answers	Frequency	Percentage
Q16. Your gender	Male	37	17%
	Female	182	83%

Source: Created by the author based on data collected from the online questionnaire.

Question	Possible answers	Frequency	Percentage
Q17. Your age	18-29	76	35%
	30-39	61	28%
	40-49	59	27%
	50-59	17	8%
	60-69	4	2%
	70-79	2	1%

Source: Created by the author based on data collected from the online questionnaire.

Appendix 2. Demographic profile of survey respondents

Education
Secondary, vocational or secondary... — 37.9%
Higher education — 62.1%

Profession
Unemployed/incapacity for work/pensioner — 3.7%
Assistant/Administrative work — 3.7%
Sales representative — 0.5%
Other — 1.8%
First manager (foreman, project manager) — 3.2%
Skilled worker — 3.7%
Top Specialist — 10.0%
Customer service representative — 3.2%
Top manager/member of the management... — 8.7%
Pupil/Student — 18.3%
Specialist — 31.5%
Middle manager — 11.9%

Gender
Male — 16.9%
Female — 83.1%

Age
18-29 — 34.7%
30-39 — 27.9%
40-49 — 26.9%
50-59 — 7.76%
60+ — 2.7%

Source: Created by the author based on data collected from the online questionnaire.

Appendix 3. Regression output

Descriptive Statistics			
	Mean	Std. Deviation	N
To which extent that you agree with the following statement: "I am a loyal customer to my home bank."	4.18	.780	219
How satisfied you are with your home bank in general	4.30	.741	219
How much trust you have in your home bank	4.31	.738	219

Source: SPSS output based on data collected from online questionnaire.

Correlations		To which extent that you agree with the following statement: "I am a loyal customer to my home bank."	How satisfied you are with your home bank in general	How much trust you have in your home bank
Pearson Correlation	To which extent that you agree with the following statement: "I am a loyal customer to my home bank."	1.000	.572	.522
	How satisfied you are with your home bank in general	.572	1.000	.610
	How much trust you have in your home bank	.522	.610	1.000
Sig. (1-tailed)	To which extent that you agree with the following statement: "I am a loyal customer to my home bank."	.	<.001	<.001
	How satisfied you are with your home bank in general	.000	.	.000
	How much trust you have in your home bank	.000	.000	.
N	To which extent that you agree with the following statement: "I am a loyal customer to my home bank."	219	219	219
	How satisfied you are with your home bank in general	219	219	219
	How much trust you have in your home bank	219	219	219

Source: SPSS output based on data collected from online questionnaire.

Appendix 3 continued

Variables Entered/Removed[a]			
Model	Variables Entered	Variables Removed	Method
1	How much trust you have in your home bank, How satisfied you are with your home bank in general[b]	.	Enter
a. Dependent Variable: To which extent that you agree with the following statement: "I am a loyal customer to my home bank."			
b. All requested variables entered.			

Source: SPSS output based on data collected from online questionnaire.

Model Summary[b]						
					Change Statistics	
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change
1	.612[a]	.375	.369	.620	.375	64.831

Source: SPSS output based on data collected from online questionnaire.

Model Summary[b]			
	Change Statistics		
Model	df1	df2	Sig. F Change
1	2	216	<.001
a. Predictors: (Constant), How much trust you have in your home bank, How satisfied you are with your home bank in general			
b. Dependent Variable: To which extent that you agree with the following statement: "I am a loyal customer to my home bank."			

Source: SPSS output based on data collected from online questionnaire.

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	49.775	2	24.888	64.831	<.001[b]
	Residual	82.919	216	.384		
	Total	132.694	218			
a. Dependent Variable: To which extent that you agree with the following statement: "I am a loyal customer to my home bank."						
b. Predictors: (Constant), How much trust you have in your home bank, How satisfied you are with your home bank in general						

Source: SPSS output based on data collected from online questionnaire.

Appendix 3 continued

<table>
<tr><th colspan="6">Coefficients[a]</th></tr>
<tr><td rowspan="2">Model</td><td rowspan="2"></td><td colspan="2">Unstandardized Coefficients</td><td>Standardized Coefficients</td><td rowspan="2">t</td></tr>
<tr><td>B</td><td>Std. Error</td><td>Beta</td></tr>
<tr><td>1</td><td>(Constant)</td><td>1.100</td><td>.275</td><td></td><td>3.996</td></tr>
<tr><td></td><td>How satisfied you are with your home bank in general</td><td>.426</td><td>.071</td><td>.404</td><td>5.952</td></tr>
<tr><td></td><td>How much trust you have in your home bank</td><td>.291</td><td>.072</td><td>.275</td><td>4.056</td></tr>
</table>

Source: SPSS output based on data collected from online questionnaire.

<table>
<tr><th colspan="7">Coefficients[a]</th></tr>
<tr><td rowspan="2">Model</td><td rowspan="2"></td><td rowspan="2">Sig.</td><td colspan="3">Correlations</td><td>Collinearity Statistics</td></tr>
<tr><td>Zero-order</td><td>Partial</td><td>Part</td><td>Tolerance</td></tr>
<tr><td>1</td><td>(Constant)</td><td><.001</td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td>How satisfied you are with your home bank in general</td><td><.001</td><td>.572</td><td>.375</td><td>.320</td><td>.627</td></tr>
<tr><td></td><td>How much trust you have in your home bank</td><td><.001</td><td>.522</td><td>.266</td><td>.218</td><td>.627</td></tr>
</table>

Source: SPSS output based on data collected from online questionnaire.

<table>
<tr><th colspan="3">Coefficients[a]</th></tr>
<tr><td rowspan="2">Model</td><td rowspan="2"></td><td>Collinearity Statistics</td></tr>
<tr><td>VIF</td></tr>
<tr><td>1</td><td>(Constant)</td><td></td></tr>
<tr><td></td><td>How satisfied you are with your home bank in general</td><td>1.594</td></tr>
<tr><td></td><td>How much trust you have in your home bank</td><td>1.594</td></tr>
</table>

Source: SPSS output based on data collected from online questionnaire.

Appendix 3 continued

Collinearity Diagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	(Constant)	Variance Proportions How satisfied you are with your home bank in general	How much trust you have in your home bank
1	1	2.973	1.000	.00	.00	.00
	2	.015	13.861	1.00	.21	.18
	3	.011	16.345	.00	.79	.82

a. Dependent Variable: To which extent that you agree with the following statement: "I am a loyal customer to my home bank."

Source: SPSS output based on data collected from online questionnaire.

Casewise Diagnostics[a]

Case Number	Std. Residual	To which extent that you agree with the following statement: "I am a loyal customer to my home bank."	Predicted Value	Residual
116	-3.173	2	3.97	-1.966

a. Dependent Variable: To which extent that you agree with the following statement: "I am a loyal customer to my home bank."

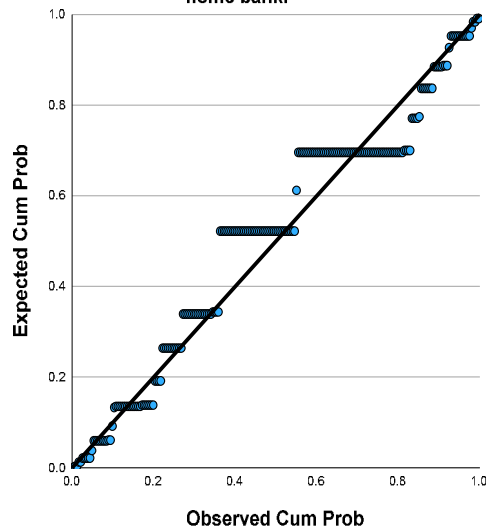Source: SPSS output based on data collected from online questionnaire.

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.53	4.68	4.18	.478	219
Std. Predicted Value	-3.452	1.046	.000	1.000	219
Standard Error of Predicted Value	.046	.227	.068	.024	219
Adjusted Predicted Value	2.44	4.70	4.18	.477	219
Residual	-1.966	1.467	.000	.617	219
Std. Residual	-3.173	2.368	.000	.995	219
Stud. Residual	-3.182	2.442	.000	1.004	219
Deleted Residual	-1.977	1.560	-.001	.628	219
Stud. Deleted Residual	-3.252	2.471	-.001	1.009	219
Mahal. Distance	.210	28.189	1.991	2.761	219
Cook's Distance	.000	.126	.006	.013	219
Centered Leverage Value	.001	.129	.009	.013	219

a. Dependent Variable: To which extent that you agree with the following statement: "I am a loyal customer to my home bank."
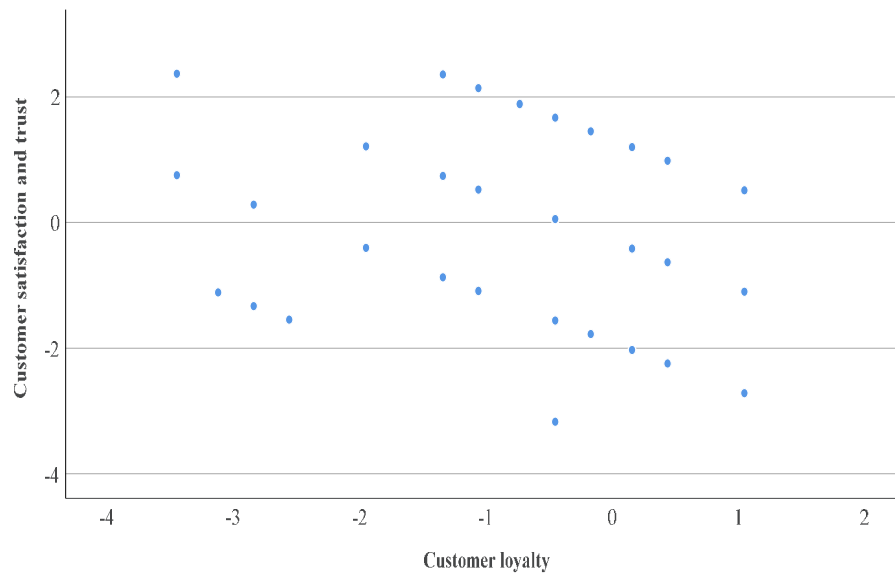
Source: SPSS output based on data collected from online questionnaire.

Appendix 3 continued

Source: SPSS output based on data collected from online questionnaire.

Source: SPSS output based on data collected from online questionnaire.

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