

Factors Leading to Customer Loyalty in the Domestic Banks in Malaysia – A Perspective from the Social Networking Sites

Kumarashvari Subramaniam

INTI International University, Malaysia

Corresponding email: kumarashvari.subra@newinti.edu.my

Abstract

In Malaysia, banks are still struggling to cultivate loyal customers, little agreement among bankers as to what variables contribute to customer loyalty. Numerous empirical studies were conducted to investigate on the factors that lead to customer loyalty but there were no unified solution especially in the Social Networking Sites platform. Therefore, this study intends to investigate the factor leads to customer loyalty by looking into three variables: service value, interactive value and customer experience. Quantitative study was employed with population sampling represented by Facebook community of domestic banks in Malaysia involving a study spanning 6 months (November 2017 – April 2018). It can be concluded that the existence of Social Networking Sites not only augments to social interaction but also extends the experience of having a desirable experience among the consumers. It also offers the banks an opportunity to interact with their target audience resulting in the transfer of marketing messages. Moreover, this study provides an insight to the practitioners on how to provide greater value and promote a more customer centric culture in which service, interactive value and experience can be nurtured from the social media perspective.

Keywords

Customer loyalty, social networking sites, service value, interactive value and customer experience

Introduction

The Malaysian financial system is playing an important role in facilitating the economic transformation and growth of the Malaysian economy through the various phases of economic development. The financial sector envisaged to grow with an annual rate of 8-11%, and the contribution of the financial sector to nominal GDP is expected to grow from 8.6% of nominal GDP in 2010 to between 10 – 12 percent by 2020 (Bank Negara Malaysia, 2011). As the country transitions towards a high value-added and high-income economy, the role of the financial sector is becoming very challenging with the demand to offer world class financial services combined with high quality service.

In Malaysia, the banking policy and guideline comes under the purview of the Central Bank or commonly known as Bank Negara Malaysia (BNM). It was established on 26th January, 1959. The aim of BNM is to develop an efficient, effective and resilient banking system which is capable of

responding to the changing financial landscape. The Malaysian banking industry is substantially backed by the commercial banks, investment banks and Islamic banks. They represent the primary source for mobilization of funds, and as the main source of financing to support the national economic activities.

However, with deregulation, increased competitive pressure has triggered dramatic changes in the Malaysian banking industry, a major restructuring starting in 2001, from an initial 54 individual retail banks, it has been reduced and merged into 27 commercial banks, (9 domestic and 18 foreign banks) by 2012. Jumaew (2012) claim that with this merger and acquisition exercise, domestic banks will need to increase their bank's outlook and image to attract more loyal customers.

Malaysia banks also face a new threat; digitally contestable markets are set to grow faster than traditional sectors. It is estimated that one-third of traditional banks' market shares will be at risk by 2020 due to digitalization (Marous, 2014). Players from the technology and communications companies to consumer retailers and travel agents are using digital technologies to edge in on the retail banking landscape. For example, in the travel industry, new portals are assembling entire trips; flights, hotels and car rentals, consequently digital business reduce transaction cost (Hirt and Willmott, 2014). Moreover, banks are also feeling the hot breath of competition from Paypal, Western Union, Bitcoins, MoneyGram, Google Wallet and others whose mobile payments technology threatens to displace banks in consumers' daily transactions (Vater, Cho and Sidebottom, 2012).

Moreover, according to Chan Hooi Lam, Assurance Partner – Financial Services and The Financial Accounting Advisory Services leader of Ernst and Young, Malaysia (EY.Com, 2012) claimed that customers are willing to switch banks have risen from 7% to 12% yearly and customers that using one bank have fallen from 41% to 31%. At the same time, it is also observed that consumer behavior is rapidly shifting as consumers are now more informed, more data driven and much less loyal than in the past (Kennedy, 2015). Rapidly shifting consumer behavior calls for a potential complete revamp of the traditional operating models, resulting for example roles of the bank branches may change, new channels will need to be introduced, and new capabilities will need to be built in order to render the value that demand by customers.

On the other hand, BNM has given green light to all the banks in Malaysia to use social media (SM), which can be evidenced from the Table I.1.

Table 1.1: Examples of efforts in promoting Social Media in the Financial Sector

Event/ News	Effort in Promoting Technology Innovation (Social Media)
Malaysia-OECD High-level Global Symposium on Financial Well-being. 30 September - 1 October 2015 Kuala Lumpur, Malaysia	<i>Building on the momentum and identifying new paths</i> <ul style="list-style-type: none"> • The routes to success: Making innovative delivery channels work (social media) • Promoting digital media further with emerging adoption of mobile devices and social media.
Bank Negara Malaysia Press Release, 11 November 2016	Introduce its newly re-designed website which provides quick links to the Bank's initiatives as well as its social media accounts such as Facebook, Twitter, YouTube and Flickr.

<p>Governance, Organizational Development and Communication, Bank Negara Malaysia, 2011</p>	<ul style="list-style-type: none"> • Public outreach programme continues to be an important part of the Bank’s developmental agenda. • Efforts to continuously increase awareness of the public, through various channels: Facebook and Twitter
<p>Local Retail Banks – Social Media initiatives</p>	<ul style="list-style-type: none"> • Maybank launches first social media payment gateway in Malaysia “It is all about Maybank’s drive towards mobility in e-payments. • CIMB is one of the most active banking group on social media in Asia Pacific with their flagship facebook page • HongLeong Bank - To participate in the Campaign, the Participants must first become a fan of the Bank’s Facebook (“FB”) • AmBank – social media campaign “What’s Your Social Mileage” was to reward AmBank customers who have been active on the social media platform. Participants were required to use the “ What’s Your Social Milage” contest Facebook application and complete activity by inviting friends in order to gain more social mileage.

Source: Author, 2018

With regards to the effort of BNM cultivating usage of SM, there is also increasingly effective delivery channel by domestic banks. The banks continue to leverage on web technology to expand its web presence, increase its outreach and to better engage with the general public. To increase the bank’s web presence, the banks has started to share its corporate videos and photographs in social networking sites (SNS) such as Youtube and Flickr besides broadcasting relevant messages through Facebook, Youtube and Twitter. Researchers (Muniz and O’Guinn, 2001; Anderson, 2005) claim that SNS are a special form of Consumer Generated Content (CGC) or known as virtual communities (VC) and have become a major current issue in the study of brands, since organizations bring brand and community together under the umbrella of brand communities (BC) in order to enhance customer relationship that can result in positive customer experience (CE). According to Cann et al., (2011) the Web 2.0 is an Internet based application that allows end users to generate contents, engage, interact and collaborate virtually in the social media (SM) platform. Some forms of SM are social networking sites (i.e. Facebook, Twitter, Instagram), blogs (i.e. WordPress, Blogger, google+), photo sharing (i.e. Flickr, Photobucket, Pinterest) and social gaming (i.e. FarmVille, Words With Friends, World of Warcraft). Baker et al., (2002) claimed that the CE is determine by social environment, whereby with new technologies, new and positive experiences are created (Lusch et al., 2007). SNS which revolutionized the 21st century has been found to be more effective than traditional marketing communications in influencing the attitudes and behaviors of uses (Thackeray and Hunter, 2010). SNS allow organizations to interact, engage with customers through interactives campaigns, positive messaging and simply being responsive to customer needs and request (Capgemini.com, 2014) in order to provide a desirable value.

In Malaysia, the most popular SNS with two third of Malaysian Internet users identifying Facebook as their favorite social platform (Tnsglobal.com, 2015) among many other sites such as twitter, Instagram and flicker. Until 30 June 2016, the Facebook penetration in Malaysia reached 68% with total Internet users of 21 million (Internet World Stats, 2013). Assistant Minister of Youth Development Datuk Dr. Stephen Rundi Utom said that Malaysia bagged 8th place in Asia and 21st in the world with most registered Facebook users.

According to Social Media's (2013) report issued in October by Social Bakers, CIMB Bank (ranked fifth) and Maybank (ranked seventh) was listed in the top 10 Facebook brands by the number of local fans (Goi, 2014). In (2014) the ranking on most devoted brands on Facebook, Maybank ranked second after Maxis and CIMB ranked third. Having discussed the overview of the SNS in general, it is noteworthy to make a brief review of SNS in the Malaysia domestic banks. Table 1.2 indicates domestic banks in Malaysia, its SNS links and number of "likes" for 2014, 2016 and 2018.

Table 1.2: Local Domestic Banks in Malaysia

Local Banks	Social Networking Sites Links (Facebook)	Number of likes (As December 2014)	Number of likes (As December 2016)	Number of likes (As April 2018)
Affin Bank Berhad	www.facebook.com/affinbankberhad	10,100	43,786	49548
Alliance Bank Malaysia Berhad	www.facebook.com/AllianceBankMalaysia	93,635	144,566	188316
AmBank (M) Berhad	www.facebook.com/AmBankMalaysia	96,597	117,943	148392
CIMB Bank Berhad	www.facebook.com/CIMBMalaysia	1,322,758	1,437,255	1,561812
Hong Leong Bank	www.facebook.com/HLBMalaysia	182,322	301,090	546254
MayBank Berhad	www.facebook.com/Maybank	1,210,758	1,973,592	2,153126
RHB Bank Berhad	www.facebook.com/RHBGroup	444,992	827,422	1,094559

Source: Author, 2018

The main purposes of the banks in Malaysia are using SNS for the purpose of engaging with their customers, in terms of few aspects as mentioned below (Asian Strategy and Leadership Institute, 2011).

- SNS able to assist in new product development or product innovation.
- It is a tool to solicit customers' views and feedback to help develop new products or enhance/innovate existing products.

- SNS able to enhance customer experience and service level, in terms of assisting banks in addressing products or service issues with customers.

Unfortunately, majority of retail banks are skeptical to the promises of SNS platform to revolutionize marketing, stating concerns over information privacy, loss of control over data and possible negative implications on the corporate image (Klimis, 2010; Pannunzio, 2008; Stone, 2009). According to Cisco's Jason Bettinger, Director of Financial Services for Cisco's Business Transformation Group, "the ability to lower operational costs through digitized business processes brings tremendous opportunity". "But, too many banks are moving slowly or not at all". Further added by (Jaser, 2010) that the concerns over how reliable are the SM innovation as a platforms supporting relations between banks and their customers and how compliant they are with the industry's safety standards is something still vague.

On the other hand, it is debated that hard evidence proving the benefits of SM platform in rendering loyalty remains unclear (Jaser, 2010 and Vemuri, 2010). Moreover, little academic research is reported to date and it is claimed that SM banking is relatively new (Majekodunmi and Harris, 2016). For example, studies relating to SM has been carried out but the findings were rather divergent: studies looking at interactive value in the SM has been criticized as the investigation was not based on systematic empirical research (Echeverri and Skalen, 2011) and the past research was investigated in a business to business context (Ots, 2010; Fyrberg, 2011). and some other studies were relating to public transportation sector (Echeverri and Skalen, 2011). Therefore, there is still little agreement on the determinants of customer loyalty (Auka, 2012) in the SNS platform, especially in the domestic banks in Malaysia.

At the same time, researchers such as:

- Echeverri and Skalen, 2011; Kuzgun and Asugman, 2015, claimed interactive value in the digital platform can be source of loyalty.
- Blasco-Arcas, 2014; Khan and Rahman, 2016, claimed customer experience can be a better predictor of loyalty and
- Ghane et al., 2011 and Siddiqi, 2011 claimed service quality to be related to customer loyalty.

Therefore, this research aims:

To investigate the relationship between service value and loyalty;

To investigate the relationship between interaction value and loyalty;

To investigate the relationship between customer experience and loyalty; and

This investigation aims to provide a clear input to the domestic banks on the significant of rendering value in the digital platform and how banks can prepare and manage the SNS. Moreover, consultants (Frost and Sullivan, 2015, Brodie et al., 2011; Hollebeek, 2010) see the importance of customer experience but most of the time banks rarely include the topic on agenda in management meetings. Therefore, this empirical evidence will clear the debate on "for" or "against" for SNS banking and the value it can render. As for the body the study will provide an important insight issue relating to interactive value as in the past focus was mainly to non-interactive value (exchange of goods).

Research Methodology

The aim of this study is to gain a better understanding on the prominent factor that predicts customer loyalty in the social networking sites among domestic bank users in Malaysia. Studies have identified loyalty as a primary consequences of experience in the context of retail brands (e.g. Khan and Rahman, 2016) and services (Nysveen et al., 2012). On the other hand, interactive value in the digital platform can be source of loyalty as claimed by past researchers (e.g. Echeverri and Skalen, 2011; Kuzgun and Asugman, 2015).

Customer loyalty can be measured by comprehensively investigating customers' repeat purchase behavior and their emotional preference to a firm (Smith et al., 1999). According to Theory of Reasoned Action (TRA), which explain the general human behavior; a person's performance of a specified behavior is determined by his or her behavioural intention to perform the behavior intention is jointly determined by the person's attitude resulting from one's beliefs and evaluations.

Therefore, this research aims to investigate bank customers' perceived value in terms of service, interaction and experience value. To achieve the purpose, this section will present the overview of the general research paradigms and approaches utilized in the research and later the development of hypotheses to be tested.

According to Reagan (2006) once the preliminary study is completed, a pilot survey can be created. However, a pre-test before the pilot study will be carried out. The pre-test is created among 10 facebook users that are active in the banks' facebook. As for the second phase pre-testing, two bank's personal and two academic experts has been invited to review the full questionnaire and request them to provide their opinions to ensure that the adapted measurement scales suited the context of the study. Later, a pilot test was carried out among 30 respondents, including students of higher education institution and academic staff. According to Negrine and Newbold (1998, p.247), pilot test survey can "iron out many of the potential difficulties with which the researcher, who is bound up intimately with the subject, cannot always anticipate". According to Rossi et al. (1983) number of respondents in a pilot test should be confined to 20 – 50. After the pilot test, review, modification has been made in order to fit the specific aim of this study.

A structured questionnaire was finalized and distributed among the users of SNS, especially those customers that are active in the banks FaceBook community. Thus, a qualifying question was included to ensure the respondent is current member of the bank's FaceBook community. The prepared questionnaire was pre-tested for suitability to the purposes before finalizing the entire questionnaire and it was repeated before the survey is administered. The basic purpose of validation and its reliability of the questionnaire is to determine its accuracy. This is to ensure that there is no problem visible either logically or linguistically in the questions that is being asked in the questionnaire and it also avoid sensitive issues or unclear direction. This is a dry run of the survey on a very small representative set of respondent. In this research a sample set of 10 people were selected for this pre-test section and it was distributed among customers of local domestic banks in Malaysia. The questionnaire was distributed to the banks located in the Klang Valley, Selangor. According to Suruhanjaya Komunikasi and Multimedia Malaysia (2014) most of the Internet users reside in Selangor and this is the most populated stat in the country. Moreover, most of the local banks which are endorsed by Central Bank of Malaysia have their headquarters in the

Klang Valley and in this area most of the users are located (Khan and Rahman, 2016). As per the guidelines suggested by the Alreck and Settle (1985) claimed that it is appropriate to have a sample size between 200 – 1000 respondents for a population of 10000 or higher. Therefore, 400 copies of survey forms were distributed as it is anticipated there will be some incomplete or invalid survey forms.

All data that were gathered from the survey were computed and analyzed utilizing SPSS package. All questions in the questionnaire are pre-coded that enable the data entry into SPSS in an easy way. The correlations study of variables was carried out using the cross tabulation instruments. Based on the previous inferences through year around acquaintance and the evaluation obtained from selective sampling cited above the following hypotheses are made.

H1 – There is a relationship between service value and customer loyalty in the social networking sites.

H2 – There is a relationship between interactive value and customer loyalty in the social networking sites.

H3 – There is a relationship between customer experience and customer loyalty in the social networking sites.

These hypotheses are verified through the responses received from the samples received from the target population of this study. The target population for this study is individual customers that use product and service of domestic banks in Malaysia and those use the SNS of any local banks at the time the survey took place.

A total of 243 completed questionnaires were received. 137 respondents were females and 106 were male. The following table has outlined the results of findings from respondents which covers their demographic profile and respondent’s agreement towards service quality, interactive value, customer experience and loyalty.

Table 4 Respondents Demographic and Online Activity Profile

Demographic Profile <i>n</i> = 243				Respondents Agreement <i>n</i> = 243			
Respondents Features				Respondents Features			
Feature %	Details		No	Feature %	Details		No
Gender	Male		37.5	Agreement on Service Value	Social media works well for me	62	25.5
	Female	91	62.5		Always available for service	95	39
	Missing Value	152	0		Truthful about information	86	35.5
	Total	243	100		Missing Value	0	0
						24	100
Age	Below 21	58	23.8	Agreement on	Cares my opinion	72	30.0
	21 – 30	99	40.7			55	22.0

	31 – 40	46	18.9	Interactive Value	Takes my feedback seriously	11	48.0	
	41 – 50	18	7.50			Understand my needs	6	0
	Above 50	22	9.10			Missing Value	0	100
	Missing Value	0	0			Total	24	
	Total	243	100				3	
Education Level	High School Cert.	32	13.2	Agreement on Customer Experience	Look after me	89	36.6	
	College Diploma	41	16.8			Flexible in dealings	46	18.9
	Bachelor Degree	129	53.0			Have different product options	10	44.5
	Postgraduate Degree	35	14.5			Missing Value	8	0
	Others	6	2.5			Total	0	100
	Missing Value	0	0				24	
	Total	243	100				3	
Area you live in	Urban Residence	131	53.9	Agreement on Customer Loyalty	Encourage friends and relatives	89	36.5	
	Suburban Residence	88	36.1			Use the bank in the future	91	37.7
	Rural Residence	24	10.0			Use same bank despite other options	63	25.9
	Missing Value	0	0			Total	0	0
	Total	243	100				24	100

The respondents belong to different area of residency such as urban, sub-urban and rural residence. More women are found to be engaged in SNS than man. The respondents represent a mixed age group. In addition to the above, respondents' education level indicates that about 53.0% are bachelor degree holders; 16.8% are college diploma holders, 14.5% are postgraduate degree holders and 13.2% are high school certificate holders. From the whole sample 39% respondents indicated that service through the SNS is always available for them, 48% agrees that the bank understand their needs and 37.7% agrees to use the bank more in the future.

Finding and Analysis

The collected information is analysed using the SPSS software since this programme enable to compute the frequency and distribute the variables for each question in the questionnaire. As such, all the objectives were analysed using different types of analysis such as frequency distribution, charts and tables. On the other hand, the hypotheses were tested using the Pearson correlation coefficient (r) methods. The response from the sample space is organized in such a way that if the respondents feels the statement is strongly in agreement they select numerical value one, if the statement is not yielding full support or full disagreement than it collects numerical value two and finally if strong disagreement is there the statement collects numerical value three. This scaling is used for various calculations shown below for establishing and evaluating the hypotheses.

Every statement in the evaluation had given the respondent the opportunity to choose one clear mental evaluation of the tendency related to the statement. The opportunity was given to select among three tendencies, 'agree', 'neutral' and 'disagree'. The weighted value of the response is created with 'agree' providing value one, 'neutral' providing value 2 and 'disagree' providing value 3. See the following figure.

Typical Statement for Factual Evaluation	Agree = 1	Neutral = 2	Disagree = 3
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The above stated scheme is followed in all calculations for evaluating hypothesis. The various hypothesis related to the study are presented in the subsequent sections.

Hypothesis and its Evaluation

There are three hypothesis generated by observing the field which are presented below.

H1 – There exists a relationship between service value and customer loyalty in the SNS in the domestic banks in Malaysia.

The hypothesis was evaluated through the response to the following statements.

Statement (A) – The Social Networking Site is always available for service.

Statement (K) - I will use the bank's social networking sites more in the future.

The variable A indicates the sum of the response for statement A in all three domains of, 'agree', 'neutral' and 'disagree' swings. Similarly, variable K indicates the sum of the response for statement K in all three domains, 'agree', 'neutral' and 'disagree' swings for all the participants (*n*) involved in this study.

$$r = \frac{\sum A*K - \frac{(\sum A)(\sum K)}{n}}{\sqrt{\left(\sum A^2 - \frac{(\sum A)^2}{n}\right)\left(\sum K^2 - \frac{(\sum K)^2}{n}\right)}}$$

Hypothesis 1 Testing Output

Modes Analysis Methods	Social networking sites is always available for service. (statement A)	Will use the banks Social Networking Sites more in the future (statement K)
Pearson Correlation (<i>r</i>)	.85	.85
Mean	1.31	1.25
Standard Deviation	0.60	0.52
N – Total Number of Respondents	234	234

The Pearson correlation shows a value of 0.85 which clearly indicates that there is a strong and positive relationship between the service availability in the bank's SNS and the loyalty level

of the respondents towards the bank in terms of using the banks social networking sites more in the future. This is indicated with a mean value 1.31 of response which sufficiently expresses the fact. Similarly influence in building customer loyalty through the use of the banks SNS in the future is proven through the mean value swing towards 1.25 close to “strongly supporting” the statement. Thus proving the hypothesis. It is noticeable that banks involvement via SNS to connects to its customer enabled banks to service customers not only in branches and other dedicated services sites, but also in a myriad of other channels (Lovelock, 1996). Figure 1, indicates an example of a customer raise dissatisfaction towards a bank’s service which was raised through the SNS and it was attended by the respective bank in the same channel too.

Figure 1: Customer’s Grievance Raised through Banks Social Networking Sites



Source: CIMB, FaceBook Page, 2018

This is aligned with the purpose of SNS usage in banks in Malaysia for interaction with their customers, especially to enhance customer experience and service level and to develop a transparency strategy (Asian Strategy and Leadership Institute, 2011). The interaction of members in the SNS develop a group feeling in members that lead them to have a desire to engage in joint reactions (Bagozzi and Dholakia, 2006).

With the advent of digital technology, the prospects of interactive communication with customers through SNS that the interactive elements of Web 2.0 have the potential to support remote interactions between banks and their customers. Research suggested that customers who connected with banks via SNS tends to have greater number of banking products in their portfolio than customers not following their bank in SNS (Quittner, 2010). Therefore, there exist a condition in which the bank understands my needs.

H2 There exists a relationship between interactive value and customer loyalty in the SNS in the domestic banks in Malaysia.

The hypothesis was evaluated through the response to the following statements.

Statement (E) – Takes my feedback seriously.

Statement (L) – Choose the same bank despite having better option.

The variable E indicates the sum of the response for statement E in all three domains of, ‘agree’, ‘neutral’ and ‘disagree’ swings. Similarly, variable L indicates the sum of the response for statement L in all three domains, ‘agree’, ‘neutral’ and ‘disagree’ swings for all the participants (*n*) involved in this study.

$$r = \frac{\sum E * L - \frac{(\sum E)(\sum L)}{n}}{\sqrt{\left(\sum E^2 - \frac{(\sum E)^2}{n}\right) \left(\sum L^2 - \frac{(\sum L)^2}{n}\right)}}$$

Hypothesis 2 Testing Output

Modes Analysis Methods	Takes my feedback seriously (<i>statement E</i>)	Choose the same bank despite having better option (<i>statement L</i>)
Pearson Correlation	.88	.88
Mean	1.16	1.19
Standard Deviation	0.45	0.49
N – Total Number of Respondents	234	234

The Pearson correlation shows a value of 0.88. Thus, the value indicates that there is a significant and positive relationship between banks interaction or involvement to the SNS in order to maintain a good retention among target audience and target audience’s preference or “call” for banks to be actively involved in this SNS. The major swing in response with respect to the evaluation of hypothesis is towards a ‘strongly supporting’ attitude. This is indicated with a mean value of response 1.16 which sufficiently expresses the fact that ‘effective interaction in the SNS can add value’. This is manifested through a mean value of 1.19 in their response which swings to ‘strongly agreeing’ to the statement. Hence, evaluating the hypothesis.

The current generation is very much technology savvy. Therefore, the involvement of banks in these highly technological sites will provide a greater advantage and value to the both banks and customers. In this era of fierce competition every organization is trying to win their customers in every way they can. In addition to that it is found that large portion of respondents agreed that through interaction in the SNS they have met wonderful people and have feeling of kinship. In line with that, having a two-way interaction, in terms of providing a product information, rendering an excellent customer service and mainly through this customer generation sites can lead to positive customer experience. Researchers such as Dervojeda et al., (2014) claimed that technologies that facilitate interaction between firms and customer empower customers to choose the companies they want to engage based on how value should be created for them. Further claimed that if firms and customers work together it can create value and at the same time customers can co-construct the service experience to suit his or her context. These experiences are of importance for engagement building as the marketplace is becoming a scene for dialogue and interaction between consumers, communities and companies (Mollen and Wilson, 2010; Brodie et al., 2011; Hollebeek, 2013; Ramaswamy, 2009; Van Doorn et al., 2010). Furthermore, this interaction between a company and its consumer base is becoming the epicenter of value creation and extraction. The service that provided to the customers not only lead to satisfaction as proofed by

literatures but also have the possibility of generating a positive experience which is an important contributor to customer loyalty.

H3 – There is a relationship between customer experience in SNS and customer loyalty

The hypothesis was evaluated through the response to the following statements.

Statement (H) – The bank was flexible in dealing with me and looked out for my needs

Statement (J) – I will encourage friends and relatives to use this bank.

The variable H indicates the sum of the response for statement H in all three domains of, ‘agree’, ‘neutral’ and ‘disagree’ swings. Similarly, variable J indicates the sum of the response for statement J in all three domains, ‘agree’, ‘neutral’ and ‘disagree’ swings for all the participants (*n*) involved in this study.

$$r = \frac{\sum H*J - \frac{(\sum H)(\sum J)}{n}}{\sqrt{(\sum H^2 - \frac{(\sum H)^2}{n}) (\sum J^2 - \frac{(\sum J)^2}{n})}}$$

Hypothesis 3 Testing Output

Modes Analysis Methods	The bank was flexible in dealing with me (statement H)	I will encourage friends and relatives to use this bank (statement J)
Pearson Correlation	.68	.68
Mean	1.25	1.31
Standard Deviation	0.57	0.65
N – Total Number of Respondents	234	234

The Pearson correlation value 0.68 shows that target audience had positive experience dealing with the bank personnel through the SNS that leads to referral of their bank of choice to their friends and relatives. While considering the response for the statement ‘The bank was flexible in dealing with me’, the major swing in response with respect to the evaluation of hypothesis is found to be towards a ‘strongly supporting’ attitude. This is indicated with a mean value of response 1.25 which sufficiently expresses the fact. Similar to the previous swing, it is found that, the response towards the statement ‘encourage friends and friends’ swing towards ‘strongly agreeing’ with a mean value of 1.31 showing the relevance of hypothesis.

With regards to the effort of BNM cultivating usage of social media, there is also increasingly effective delivery channel by domestic banks. The banks continue to leverage on web technology to expand its web presence, increase its outreach and better engagement with the general public. The customer involvement to the SNS has generated a great push to banks to move to the SNS for the purpose of interaction, providing service etc.

Conclusion

SNS has become inevitable for the 21st century banks to involve themselves. The growth of the SNS sites and increased involvement of consumer with them, have triggered banks to evolved to the digital platform for the purpose of interaction, rendering service etc. with their target customers. The study clearly evident that SNS has ushered a new kind of interactive platform. At the same time, it is also clear that victory of the SNS is manifested by a boost phase by the increased presence of the consumer population in it and the level of positive experience among the consumers which eventually resulting to customer loyalty. In conclusion, it need to be emphasized that the SNS is able to enhance customer experience, service and interaction level, in terms of assisting banks in cultivating customer loyalty.

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