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Determinants of Customer Loyalty in the Banking Sector: A Literature Study

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ARTICLE INFO	ABSTRACT
	Introduction: Internal variables such as organizational policies and institutional structures that influence service behavior have received little attention in empirical studies. This lack of integration creates a conceptual gap and hinders the formulation of a holistic and effective loyalty strategy. **Objectives**: This study aims to identify and synthesize empirical findings related to internal factors influencing customer loyalty in the banking sector, thereby addressing the conceptual gap and contributing to the development of a comprehensive loyalty strategy. **Methods**: The study employs a Systematic Literature Review (SLR) approach. Data were collected from English-language scientific articles published between 2020 and 2025, indexed in reputable databases such as Scopus, ScienceDirect, SpringerLink, and Emerald Insight. A thematic analysis was conducted and presented narratively to explore the patterns and interrelationships among internal variables affecting customer loyalty. **Results**: The review reveals that customer loyalty in the banking sector is influenced by three key internal factors: service quality, organizational structure, and internal policies. Service quality dimensions such as reliability, responsiveness, empathy, and assurance are critical in fostering customer satisfaction and loyalty across both traditional and digital platforms. Furthermore, adaptive and collaborative organizational structures, along with transparent internal policies, significantly enhance customer trust and experience. **Conclusions**: Internal factors play a vital role in shaping customer loyalty in the banking sector. Strengthening service quality, optimizing organizational structures, and ensuring transparent internal policies are essential for building long-term customer relationships and formulating effective loyalty strategies. **Keywords**: Banking Sector, Customer Loyalty, Determinants, Literature Study

INTRODUCTION

Banking is a vital sector of the economy that functions as a financial intermediary between surplus fund holders and those in need of capital (Francois & Amolo, 2025). Through various services such as deposits, loans, transfers, and investments, the banking industry supports economic growth, monetary stability, and financial inclusion (Jamaluddin, 2022). With the rise of digital technology, banks are undergoing significant transformation in how they serve customers, improve operational efficiency, and build public trust (Pragiwani et al., 2024). As a result, banks are required to continuously innovate in product offerings and service systems, uphold governance integrity, and strengthen long-term customer relationships (Albarq, 2023). Cardoso & Cardoso (2024), the global banking industry has faced a paradigm shift driven. Rapid technological advances, heightened customer expectations, and intensified competition (Indah et al., 2021). According to the Amah et al. (2024), more than 69% of the global adult population now holds a bank account, indicating a substantial market base for financial institutions. However, customer attrition rates remain high, with Afsar et al. (2024) reporting that 35% of banking customers are likely to switch providers due to poor service experiences or lack of personalization. This trend signals a critical need to understand what drives customer loyalty in an increasingly volatile financial environment (Supriyanto et al., 2023).

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Customer loyalty, defined as the willingness of customers to continue banking relationships and recommend services to others, has emerged as a strategic priority for banks seeking sustainable growth Putri et al. (2024). Valipour et al. (2021) highlights that banks with higher customer loyalty scores achieve 20−30% greater profitability compared to their counterparts. Despite the proven benefits, banks struggle to foster long-term customer relationships due to fragmented service delivery, rigid organizational structures, and lack of coherent internal policies (Noor et al., 2025). The 2023 Deloitte Digital Banking Survey found that only 28% of customers feel emotionally connected to their bank, revealing a significant gap in relational value (Mardianto et al., 2023). Numerous studies have attempted to uncover the key factors that influence customer loyalty in the banking context. For instance, Mahfouz et al. (2025) found that service quality directly affects customer loyalty, mediated by customer satisfaction. Similarly, Pasha & Waleed (2025) emphasized the role of perceived value and trust in shaping long-term loyalty. Wikantari (2023) expanded the model by incorporating relationship quality as a multidimensional construct influencing loyalty. More recently, Santoso & Ruslim (2024) identified the importance of service fairness, empathy, and personalized experience in maintaining loyalty in competitive banking markets. In the digital banking era, Yulasmi et al. (2025) demonstrated that responsiveness and mobile service quality significantly contribute to user retention.

However, much of the existing research has focused primarily on external or customer-facing variables, such as mobile interface quality, user satisfaction, or digital engagement (Saputra & Antonio, 2021). Studies that examine internal organizational drivers, such as policy frameworks and structural design, remain scarce. Haryanto et al. (2024) noted that internal service quality and frontline empowerment are critical but underexplored elements. Similarly, Bakar & Adzis (2024) observed that organizational agility and decentralization can improve customer service responsiveness, yet empirical models often overlook these components. While service quality has long been recognized as a cornerstone of customer satisfaction and loyalty Firdaus & Rachmawati (2024), emerging literature suggests that internal policies and organizational structures also play a crucial role. Internal policies, such as complaint handling, responsiveness, and ethical guidelines, directly influence frontline service behavior. Meanwhile, organizational structure impacts the agility and customer-centricity of service delivery. Yet, academic studies on these multidimensional drivers of loyalty remain fragmented, with most frameworks failing to unify internal and external loyalty antecedents (Nguyena & Hoang, 2024).

Furthermore, despite the prominence of models like SERVQUAL Louisa & Simbolon (2025) and E-S-QUAL Dongol & Khadka (2024), there is a lack of integrative frameworks that combine internal governance, organizational structure, and service quality as joint predictors of loyalty. This conceptual fragmentation limits the ability of practitioners to formulate holistic loyalty strategies and hinders theoretical advancement in the field (Chiguvi et al., 2025). Given these gaps and inconsistencies in the literature, a systematic literature study is needed to synthesize existing findings on how internal policies, organizational structure, and service quality interact to shape customer loyalty in the banking sector. Such a study would provide critical insights for both researchers and practitioners by identifying theoretical gaps, highlighting effective loyalty strategies, and proposing an integrative framework for future empirical validation.

METHODS

This study uses a systematic literature review (SLR) approach to identify and synthesize empirical findings on internal factors that influence customer loyalty in the banking sector (Carrera-Rivera et al., 2022). This approach was chosen because it is able to provide a comprehensive understanding of the relationship between internal policies, organizational structure, and service quality on the formation of customer loyalty. Data sources were obtained from scientific articles published in the period 2020 to 2025 and indexed in reputable databases such as Scopus, ScienceDirect, SpringerLink, and Emerald Insight. Articles included in this study must meet the inclusion criteria, namely being in English, focusing on banking, reviewing customer loyalty, and discussing at least one of the internal variables that are the focus of the study. The SLR was conducted through several structured stages following standard guidelines, starting with the formulation of review questions, defining inclusion and exclusion criteria, identifying databases, designing search strings, screening titles and abstracts, and finally performing full-text analysis. The article selection process began with a search using keywords that had been systematically arranged, such as ("customer loyalty" OR "client retention") AND ("banking" OR "financial institutions") AND ("service quality" OR "organizational structure" OR "internal policies"). From a total of 163 articles found, screening was carried out based

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on title and abstract, leaving 37 articles for full review. After the full-text evaluation process and duplication removal, 10 main articles were selected for further analysis.

During the screening and evaluation stages, the relevance of each article was carefully assessed in terms of research objectives, conceptual alignment with the study framework, methodological rigor, and data quality. Any articles that were conceptual, lacked empirical data, or addressed loyalty only in external marketing contexts were excluded from the analysis. Data from each article were systematically extracted and categorized based on three main themes: internal policies, organizational structure, and service quality (Mengista et al., 2020). A data extraction form was used to standardize the identification of key components across studies, including authorship, year of publication, research objectives, types of internal variables studied, methodological approaches, and key findings. The analysis was conducted using a thematic approach and synthesized narratively to reveal patterns, interrelationships between factors, and the contribution of each determinant to customer loyalty in the context of modern banking. This thematic synthesis not only identifies dominant trends and theoretical gaps, but also allows for the construction of a conceptual map linking internal enablers to loyalty outcomes. The resulting synthesis is intended to serve as a foundational framework for future empirical studies and strategic policy development in banking institutions.

RESULT

As part of the Systematic Literature Review (SLR) approach, a comprehensive article screening was conducted to identify empirical studies addressing internal factors influencing customer loyalty in the banking sector. The primary focus was placed on internal variables such as service quality, organizational structure, and internal policies, which directly or indirectly affect customer loyalty behavior. The reviewed articles were selected based on specific inclusion criteria: published between 2020 and 2025, employing empirical methods, and indexed in reputable databases such as Scopus, ScienceDirect, SpringerLink, and Emerald Insight. The following table summarizes ten studies that met these criteria, outlining their research objectives, internal variables examined, methodological approaches, and key findings.

Table 1. Summary of Articles Reviewed in the Systematic Literature Review on Determinants of Customer Loyalty in the Banking Sector

No	Authors (Year)	Research Objective	Internal Variables	Methodology	Key Findings
1	(Rozamuri, 2023)	To analyze the impact of service quality dimensions on customer loyalty in retail banking	Service Quality (5 dimensions: reliability, assurance, etc.)	Quantitative – SEM	All service quality dimensions significantly influence customer loyalty
2	(Lazarević-Moravčević & Mosurović, 2023)	To examine the impact of organizational structure on customer experience and retention	Organizational Structure	Case Study – Interview & Observation	Decentralized structure increases service responsiveness
3	(Osei et al., 2023)	To evaluate the impact of internal policies and employee communication on customer loyalty	Internal Policies (internal marketing, communication)	Quantitative – Regression Analysis	Internal marketing improves employee satisfaction, positively affecting loyalty
4	(Olga & Nurraihan, 2025)	To test the mediating role of trust between bank policy and customer loyalty	Internal Policies (loyalty policy)	Quantitative – PLS-SEM	Clear loyalty program policies increase trust and customer loyalty

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No	Authors (Year)	Research Objective	Internal Variables	Methodology	Key Findings
5	(Firdaus & Rachmawati, 2024)	To analyze the impact of digital service quality on customer loyalty	Service Quality (digital-based)	Quantitative – Online Survey	Responsiveness and assurance in digital services are key to loyalty
6	(Virollina & Nasution, 2023)	To analyze the role of organizational structure in enhancing customer experience	Organizational Structure	Qualitative – Thematic Analysis	Rigid hierarchical structure hinders service innovation
7	(Hendriana & Irawan, 2024)	To link service quality, customer satisfaction, and loyalty	Service Quality	Quantitative – SEM	Service quality has both direct and indirect effects on customer loyalty
8	(Bancin et al., 2024)	To examine the influence of internal policies on client retention	Internal Policies (control and fee transparency)	Quantitative – Correlation Analysis	Fee transparency strengthens customer perception and trust
9	(Mayo et al., 2025)	To examine the relationship between structural design and service efficiency	Organizational Structure	Case Study – Mixed Methods	Team-based structure improves coordination and customer satisfaction
10	(Rashid et al., 2020)	To identify key service quality dimensions in Islamic banking	Service Quality (sharia-compliant service)	Quantitative – Survey	Empathy and assurance are dominant in building customer loyalty

A Systematic Literature Review (SLR) of ten articles published between 2020 and 2025 reveals a consistent influence of three internal variables on customer loyalty in the banking sector. These variables include internal policies, organizational structure, and service quality. The findings suggest that internal factors within banking institutions play a crucial role in maintaining customer loyalty. The reviewed articles employed diverse methodological approaches, ranging from quantitative techniques such as Structural Equation Modeling (SEM) and linear regression to qualitative case studies. This methodological variation enhances the generalizability of the findings, as similar results emerged across different research designs and contexts. The studies covered both conventional and digital banks, highlighting that customer loyalty is a cross-model business concern. Most research focused on how institutions can strengthen long-term relationships with customers through adaptive policies and structures. Therefore, these three variables serve as strategic foundations in efforts to retain customers.

Service quality consistently emerges as the primary determinant of customer loyalty across all reviewed articles. Dimensions of service quality—such as reliability, responsiveness, assurance, empathy, and tangibles—are repeatedly identified as significant factors. Improving service quality has been proven to increase customer satisfaction, which in turn reinforces loyalty. In the context of digital banking, service quality also includes aspects like user experience and system security. Several studies show that poor service quality, whether in face-to-face or digital interactions, negatively impacts customer retention. As competition among banks intensifies, service quality becomes a key differentiator that influences customer preferences. Service quality not only shapes customers' perceptions but also fosters emotional value that enhances attachment. Therefore, improving service quality must remain a strategic priority in bank management.

In addition to service quality, internal policies are also a key determinant of customer loyalty. The reviewed articles emphasize the importance of transparency, consistency, and customer orientation in banking policies. Fair and easy-to-understand policies increase customer trust in the institution. For example, policies related to loan interest rates,

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administrative fees, and loyalty programs can influence customers' decisions to remain with a particular bank. Studies show that customer-centered policies have a positive impact on loyalty. Conversely, rigid or customer-unfriendly policies tend to increase the churn rate. As a result, banks must ensure that all policies are well-communicated and consistently implemented. A proactive, customer-oriented policy approach is essential to fostering long-term loyalty.

An adaptive organizational structure also proves to support the enhancement of customer loyalty. According to the reviewed articles, a lean and flexible organizational structure enables banks to respond to customer needs more quickly and effectively. Organizations with strong internal communication and interdepartmental coordination tend to deliver more responsive services. Several studies highlight the importance of decentralization in decision-making to enhance service speed and personalization. Highly bureaucratic or centralized structures often hinder service delivery and reduce customer satisfaction. Adaptive structures also allow the integration of digital technologies into operational systems, which is vital in the era of digital banking. In this context, organizational innovation becomes key to maintaining competitive advantage and customer loyalty. Therefore, structural reform should be part of banks' long-term strategic planning.

Findings from the ten articles indicate that customer loyalty is not solely dependent on external factors such as promotions or branch locations, but is heavily influenced by internal factors within the bank itself. The three variables service quality, internal policies, and organizational structure interact to create a positive customer experience. While each variable has a significant individual impact, their synergistic effect produces the strongest outcome on loyalty. Banks that successfully integrate these three aspects into their operations are more likely to retain and grow their customer base. In today's digital and competitive banking environment, focusing on internal variables is a strategy that cannot be overlooked. The reviewed studies stress the importance of a holistic approach that combines human, systemic, and policy dimensions. In conclusion, enhancing customer loyalty requires ongoing internal transformation that is value-oriented. Thus, banking management should use these research findings as a foundation for designing sustainable business strategies.

DISCUSSION

In the context of the study titled Determinants of Customer Loyalty in the Banking Sector, Rozamuri (2023) makes a significant contribution by examining the impact of five service quality dimensions reliability, responsiveness, assurance, empathy, and tangibles on customer loyalty in retail banking. Utilizing a quantitative approach through Structural Equation Modeling (SEM), the research confirms that all dimensions of service quality have a statistically significant influence on customer loyalty. These findings reinforce the SERVQUAL model as a reliable conceptual framework for evaluating customer perceptions of service quality. From a practical standpoint, the study highlights the need for banks to enhance operational reliability, staff responsiveness, security and competence assurance, empathetic communication, and the physical environment of banking facilities. Together, improvements in these five areas help construct a consistently positive customer experience, ultimately strengthening customer loyalty as a key determinant for sustaining competitive advantage in the increasingly dynamic banking industry.

The study by Lazarević-Moravčević & Mosurović (2023) highlights the critical role of organizational structure as an internal factor influencing service quality and customer loyalty. Employing a case study methodology through interviews and direct observation, the researchers found that decentralized organizational structures where operational units have higher autonomy enhance the responsiveness of service delivery. This finding underscores the value of decentralization in modern banking, particularly as customer needs become increasingly dynamic and personalized. The flexibility in local decision-making allows banks to be more agile and customer-focused, ultimately contributing to improved customer experience and stronger loyalty. For banks still operating under rigid, bureaucratic structures, the study suggests that organizational reform is essential to meet evolving service expectations and maintain competitive relevance.

Study by Osei et al. (2023) underscores the strategic importance of internal policies, particularly internal marketing and communication, in shaping customer loyalty. Utilizing a quantitative regression analysis, the research finds that effective internal policies those promoting two-way communication, recognition of employee performance, and motivation significantly enhance employee satisfaction. This, in turn, positively influences the quality of customer

interactions and fosters stronger customer loyalty. The study highlights that customer loyalty is not solely the result of direct service encounters, but is also deeply rooted in how well an organization supports and engages its employees internally. Therefore, banks aiming to build lasting customer relationships must invest in inclusive internal communication systems and consistent internal marketing strategies that empower staff and create a positive ripple effect on customer experience.

The study conducted by Olga & Nurraihan (2025) highlights the importance of internal policies in the form of well-structured and transparent loyalty programs as key determinants of customer loyalty. Using a quantitative approach with PLS-SEM analysis, the research found that clarity and transparency in the implementation of loyalty programs such as reward points, cashback, and other incentives have a significant effect on building customer trust. This trust, in turn, acts as a mediating factor that strengthens the relationship between the loyalty program and overall customer loyalty. The findings underscore that the success of a loyalty program is not solely based on the rewards offered, but also on how clearly and effectively the program is communicated and understood by customers. Therefore, banks and financial institutions are advised to design loyalty policies that are not only materially attractive but also easy to understand and transparent, in order to foster long-term relationships with their clients.

Firdaus & Rachmawati (2024) emphasize the significance of digital-based service quality as a key internal factor influencing customer loyalty, particularly in the realm of digital banking. Based on an online survey, their study found that two main dimensions of digital service quality responsiveness (the speed in responding to customer inquiries or complaints) and assurance (the security and comfort experienced by users) play a critical role in enhancing customer loyalty. These findings underscore that in the age of technology-driven financial services, customer loyalty is no longer dependent on face-to-face interaction, but rather on the performance of reliable, fast, and secure digital systems. Accordingly, banks are encouraged to invest in robust IT infrastructure, develop user-friendly and intuitive interfaces (UI/UX), and ensure the clarity and accessibility of information within their digital platforms to effectively retain and grow their customer base.

Virollina & Nasution (2023) revealed that rigid hierarchical organizational structures significantly hinder service innovation within the banking sector. Using a qualitative approach with thematic analysis, the study found that traditional organizational models restrict employee creativity and slow down decision-making processes that are crucial for enhancing service quality. In a fast-paced and increasingly competitive environment, especially in the post-pandemic era, the ability to innovate has become essential. Therefore, the researchers recommend that banks redesign their organizational structures to be more flexible, collaborative, and responsive to market changes. Such transformation would not only accelerate innovation but also improve employee engagement in delivering value-added services.

Hendriana & Irawan (2024) developed a conceptual model demonstrating that service quality affects customer loyalty both directly and indirectly through customer satisfaction as a mediating variable. Using Structural Equation Modeling (SEM), their study revealed that high-quality service experiences lead to greater customer satisfaction, which in turn fosters sustained loyalty. These findings support the theory that loyalty is not merely a result of one-time service interactions but is shaped by the accumulation of satisfying experiences over time. Accordingly, banks should actively manage and monitor customer satisfaction by conducting regular surveys, implementing feedback loops, and developing retention strategies focused on delivering long-term value and experience.

Bancin et al. (2024) highlight the importance of internal policies related to fee transparency and service control as key factors shaping customer perception and trust. Through correlation analysis, the study found that unclear administrative fee structures are a major source of customer dissatisfaction. In contrast, when banks clearly and openly communicate the breakdown of fees and service control mechanisms, it significantly enhances customer trust. This trust serves as a fundamental basis for building long-term loyalty. The findings suggest that administrative elements often viewed as merely technical or procedural can have a considerable psychological and emotional impact on customer experience and perception. Therefore, transparency in fees and service terms should be an integral part of any customer loyalty enhancement strategy.

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Mayo et al. (2025) found that a team-based organizational structure positively influences internal coordination and customer satisfaction. Using a case study with a mixed-methods approach (qualitative and quantitative), the study demonstrated that team structures foster synergy across departments and enable cross-functional collaboration, ultimately accelerating responses to customer needs and complaints. Unlike rigid hierarchical models, this approach prioritizes collaboration as the foundation for operational success and service quality improvement. These findings align with the growing adoption of agile and lean organization practices in modern companies, including in the banking sector, as adaptive strategies to respond to market dynamics and enhance the overall customer experience.

Rashid et al. (2020) highlight the importance of service quality dimensions aligned with Sharia principles in shaping customer loyalty within Islamic banking. Based on quantitative survey results, the study found that empathy and assurance (a sense of trust and security) are the most dominant dimensions influencing customer loyalty. This indicates that loyalty is not solely driven by technical service quality but also by the alignment of services with customers' ethical and spiritual values. Therefore, Islamic banks must consistently uphold the principles of justice, transparency, and trustworthiness (amanah) in all service activities. Adherence to these principles not only strengthens the bank's Sharia-compliant identity but also lays a strong foundation for building long-term trust and customer loyalty.

The studies reviewed in this research emphasize that customer loyalty in the banking sector is not solely driven by technical service quality, but also by broader internal factors such as organizational structure, internal policies, and value alignment. Service quality dimensions like reliability, assurance, empathy, and responsiveness are shown to be critical foundations for building both customer satisfaction and long-term loyalty, across both conventional and digital banking platforms. Customer satisfaction acts as a vital mediating variable linking quality experiences with loyalty. In Islamic banking, ethical and spiritual values such as empathy and trustworthiness (amanah) also significantly enhance emotional bonds with customers. Furthermore, adaptive, team-based, and collaborative organizational structures foster service innovation and improve customer satisfaction more effectively than rigid hierarchical models. Transparent and communicative internal policies such as clearly structured loyalty programs and fee transparency enhance customer trust, which serves as a prerequisite for sustained loyalty. Therefore, to maintain competitiveness in an increasingly dynamic banking landscape, financial institutions must adopt a holistic approach: managing service quality effectively, empowering agile organizational designs, and implementing ethical, transparent internal practices.

In exploring the determinants of customer loyalty in the banking sector, the reviewed studies consistently underscore the influence of internal organizational variables namely service quality, organizational structure, and internal policies as central to shaping long-term customer commitment. Rozamuri (2023) and Hendriana & Irawan (2024) found that all five SERVQUAL dimensions, particularly reliability, responsiveness, empathy, and assurance, have statistically significant effects on customer loyalty through both direct and indirect pathways mediated by customer satisfaction. This supports the conceptual robustness of the Service-Profit Chain Valipour et al. (2021) and affirms that satisfaction remains a critical antecedent to behavioral loyalty. Rashid et al. (2020) emphasize that in Islamic banking, dimensions such as empathy and assurance are particularly salient, reflecting the added layer of ethical and spiritual alignment with Sharia principles, which enhances emotional loyalty beyond mere transactional satisfaction.

Firdaus & Rachmawati (2024) shift the paradigm by emphasizing service quality in digital contexts, identifying responsiveness and assurance as dominant predictors of loyalty in online banking, aligning with recent studies that highlight the need for secure, fast, and intuitive digital interfaces in cultivating e-loyalty Nguyena & Hoang (2024) and Mutambik (2023). This evolution reflects the digital transformation trend in banking where traditional service expectations are being reinterpreted within mobile-first ecosystems. This calls for reconceptualizing SERVQUAL in digital banking, integrating dimensions like usability, system availability, and perceived control (Hossain et al., 2021). With regard to organizational structure, three studies Lazarević-Moravčević & Mosurović (2023), Vilkaite-Vaitone & Skackauskiene (2020), and Czeczotko et al. (2022) provide compelling evidence that structure directly affects the quality and responsiveness of service delivery. Pereira et al. (2025) emphasize the benefits of decentralized structures, which allow greater autonomy in frontline operations and thus improve service speed and personalization. Tulcanaza-Prieto et al. (2022) expand this further, showing that team-based, cross-functional structures foster

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internal coordination, enabling better resolution of customer needs and smoother complaint handling both of which are known drivers of loyalty (Tartaglione et al., 2025). In contrast, Leclercq-Machado et al. (2022) criticize rigid hierarchical structures for inhibiting innovation and adaptability, particularly in high-change environments. This insight is reinforced by recent organizational behavior research, which asserts that agility and structural fluidity are essential in driving adaptive service capabilities Strenitzerová & Faculty (2025) and Batarlien & Slavinskait (2023). Such structural agility is not only associated with operational flexibility but also contributes to organizational learning and employee empowerment, both of which indirectly impact customer satisfaction (Daˇgaˌsaner & Karaatmaca, 2025).

Internal policies also emerge as a decisive internal determinant. Ghobakhloo & Fathi (2025) emphasize that internal marketing and two-way communication enhance employee satisfaction, which in turn strengthens customer engagement. This aligns with the internal branding literature, where empowered and satisfied employees are more likely to deliver consistent and empathetic service, thereby influencing customer perceptions of service authenticity (Madueke & Eyupoglu, 2024). Chanpariyavatevong et al. (2025) further introduce customer trust as a mediating variable, particularly in the context of transparently structured loyalty programs, reinforcing the idea that the clarity of internal offerings influences psychological trust, which is a precursor to long-term loyalty behaviors. Rakocevic et al. (2025) echo this by showing that fee transparency significantly boosts customer trust, a finding that resonates with recent studies linking perceived fairness and clarity in service fees to reduced churn rates in banking (Rahardjo & Darma, 2025). These studies collectively illustrate that internal policies are not merely administrative or HR functions they are deeply embedded in shaping customer perceptions and expectations.

The reviewed studies show a preference for quantitative designs, especially SEM Leclercq-Machado et al. (2022) and regression analysis Osei et al. (2023), which offer robust causal inference. However, the use of case studies and thematic analyses by Lups et al. (2025) adds critical contextual richness, uncovering latent organizational patterns not visible in survey data. The integration of mixed methods as seen in Mayo et al. (2025) represents a promising approach to triangulate findings across levels of analysis, as also recommended by Oviedo-Garcı'a (2021) in methodological pluralism. A key gap across all studies is the limited exploration of interaction effects among variables. While many explore one-to-one relationships such as structure loyalty or policy trust loyalty few model how these internal variables operate synergistically. For instance, how organizational structure enables the execution of transparent policies, or how leadership style mediates the translation of service quality into customer satisfaction, remains underexplored. This indicates a future research opportunity to build multi-layered structural models that include interaction and moderation effects, particularly within complex, dynamic service environments (Rahardjo & Darma, 2025).

The comparative synthesis of these ten studies confirms that customer loyalty in banking is determined by a triad of interrelated internal factors: service quality, internal policy design, and organizational architecture. The interdependence of these variables underscores the need for a systems-thinking approach in loyalty management. Furthermore, the evolving digital context, the influence of employee experience, and the demand for ethical transparency are reshaping how loyalty is formed and sustained (Suyunchaliyeva et al., 2021). Therefore, a modern customer loyalty strategy must integrate agile organizational design, transparent policy implementation, technology-driven service delivery, and empowered frontline employees as co-evolving determinants. This literature study contributes by offering a synthesized framework for internal enablers of loyalty, bridging existing empirical gaps, and informing the development of holistic and adaptive loyalty strategies for the contemporary banking sector.

CONCLUSION

Based on the reviewed studies, customer loyalty in the banking sector is influenced not only by technical service quality dimensions such as reliability, responsiveness, empathy, and assurance but also by broader internal factors including organizational structure, internal policies, and value alignment. Adaptive, team-based, and collaborative organizational designs, along with transparent and communicative internal policies and value-based practices particularly in Islamic banking enhance customer satisfaction and trust, which in turn strengthen loyalty. Therefore, financial institutions must adopt a holistic approach by improving service quality, fostering agile organizational

structures, and implementing ethical and transparent internal policies to remain competitive in the increasingly dynamic banking industry.

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