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Influencing Factors Of Customer Loyalty In Personal Finance Services Of Guangxi Local Banks, China

Pang Lizheng[1], Tatchapong Sattabut[2*], Nusanee Meekaewkunchorn[3], Chaiyawit Muangmee[4]

[1,2,3,4]Faculty of Management Science,Bansomdejchaopraya Rajabhat University,1061, Bangkok, Thailand
[1]Email: 65473401010@o365.bsru.ac.th [1]ORCID: https://orcid.org/0009-0006-5777-5968
[2]Email: Tatchapong.s@bsru.ac.th [2]ORCID: https://orcid.org/0009-0007-2715-8392
[3]Email: Nusanee.me@bsru.ac.th [3]ORCID: https://orcid.org/0000-0002-5786-573X
[4]Email: Chaiyawit.m@bsru.ac.th [4]ORCID: https://orcid.org/0000-0003-1607-8454

Abstract:
Personal wealth management has become a core business for Chinese commercial banks, playing a crucial role in attracting and retaining clients, enhancing client loyalty, and fostering business growth. This study explores customer expectations, satisfaction, and loyalty in the context of four major regional banks in Guangxi, China, aiming to understand their impact on customer loyalty and the competitive dynamics of the local financial market. This study employed a Likert 5-point scale to gather customer opinions from 400 users of the four regional banks. Data were collected through personal distribution in five cities, ensuring coverage of local banks and external competitors. Research findings are: 1) Customer expectation scored highest on average (Mean = 3.66, SD = 1.30), followed closely by customer loyalty (Mean = 3.58, SD = 1.24) and customer satisfaction (Mean = 3.49, SD = 1.37).2) No statistically significant differences were observed between gender, education background and year of investment. 3) The study finds that customer expectation (r = 0.581, p < 0.01) and customer satisfaction (r = 0.499, p < 0.01) are positively correlated with customer loyalty. The study explores the current situation of Guangxi's local commercial banks， making contribution for customer retention strategies and fostering long-term business growth in the region.

Keywords: *Guangxi, Regional commercial banks; Customer loyalty, Expectation Confirmation Theory.*

1. INTRODUCTION

In today's dynamic financial landscape, personal wealth management has rapidly ascended to become a cornerstone business for Chinese commercial banks. Almost all compliant commercial banks are actively building and expanding wealth management centers, launching diverse financial products including, but not limited to, investment and financial management, insurance planning, and retirement management (Zhou, 2024; Zhang, 2025). As previous researches stated that personal wealth management not only helps banks attract and retain clients and enhance client loyalty, but also plays a crucial role in promoting overall business growth and increasing market share (Chumak, 2024;Yadav, 2024). Customer loyalty generally refers to a customer's continued preference and repeated purchasing behavior for a particular brand or service provider (Jacoby & Chestnut, 1978), reflecting their trust and commitment to the bank's products and services (Jamal, Ali, & Javaid, 2024). Through professional financial planning and investment advice, banks can help clients preserve and grow their assets. These services also deepen relationships with clients, providing banks with stable funding sources and potential cross-selling opportunities. Therefore, banks' investment and innovation in personal financial services are both a response to market challenges and a means to achieve long-term development and sustainable profitability.

The Guangxi Zhuang Autonomous Region, bordering Southeast Asian countries, serves as China's crucial gateway to the region. Due to its unique geographical environment and diverse cultural background, Guangxi's local financial market exhibits distinct regional characteristics. According to China Regional Financial Operations Report (2024), currently, Guangxi has four local commercial banks with asset scales exceeding 100 billion yuan (The People's Bank of China, 2024). This study aims to use the user base of these four local banks in Guangxi as a sample to thoroughly explore and research the current state of customer expectations in bank personal financial services. It also seeks to investigate customer satisfaction and analyze its impact on customer loyalty. Customer expectation refers to a customer's preconceived notions about service quality and outcomes (Parasuraman et al., 1988), serving as an important benchmark for measuring customer satisfaction (Cahyani et al., 2024). Meanwhile, customer satisfaction reflects the degree to which a customer's perceptions align with their expectations after experiencing banking services, making it a key factor influencing customer loyalty (Amani, 2020; Ibrahim et al., 2025). By deeply analyzing customer loyalty, banks can better understand customer needs, optimize service processes, enhance customer satisfaction, and thus stand out in intense market competition.

2. LITERATURE REVIEW

Expectation Confirmation Theory (ECT)

Originally developed by Oliver (1980), ECT is a theory of consumer behavior that seeks to explain consumer satisfaction as being based on the gap between some performance standard and the actual performance of a product or service as perceived by its consumer. In banking contexts, ECT provides a framework for understanding customer behavior and loyalty.

For wealth management services, ECT explains how customers form initial expectations about financial products and services, experience actual performance, and subsequently develop satisfaction levels that influence their loyalty and repurchase intentions. ECT posits that customers' repurchase intention is determined primarily by their satisfaction with prior use of the product or service (AlSokkar et al., 2024). When customers' expectations are met or exceeded, they experience satisfaction, which increases their likelihood of repurchasing the product or service .

This study involves three key variables: customer expectations (customers' preconceived notions about service quality and outcomes), customer satisfaction (the degree to which customer perceptions align with their expectations), and customer loyalty (sustained preference and repeated purchasing behavior). Expectation Confirmation Theory provides a comprehensive theoretical framework for understanding the relationships among these three variables, revealing a clear causal chain: customers first form expectations about bank wealth management services, then evaluate service performance through actual experiences, during which they develop cognitive assessments of expectation confirmation or disconfirmation, subsequently influencing their satisfaction levels, and ultimately determining their loyalty to the bank and repurchase intentions. This theoretical logic not only explains the underlying mechanisms of customer behavior but also provides important theoretical guidance for banks to optimize service quality, enhance customer satisfaction, and cultivate long-term customer relationships.

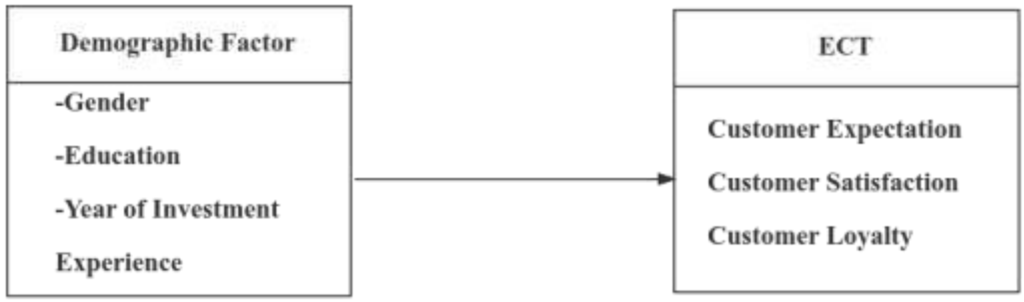

Figure 1: Conceptual Framework

3. RESEARCH METHODOLOGY

The study employs a Likert 5-point scale to collect customer opinions from users of four regional banks in Guangxi, China. The questionnaire is divided into two parts: demographic information and a scale measuring Customer Expectation, Customer Satisfaction, and Customer Loyalty.

3.1 Questionnaire Design

The researchers refer to previous studies and scales as a basis, further validating the questionnaire using the Index of Consistency (IOC). Three experts in related field evaluate the content. Each item is rated on a scale of +1 (consistent), 0 (uncertain), or -1 (inconsistent), with items receiving an IOC value above 0.6 considered valid for use in the study. Reliability was confirmed through pilot testing with 100 participants, resulting a Cronbach's alpha coefficient of 0.875, demonstrating high reliability for the scale.

3.2 Population and Sample

The population for this study encompassed customers conducting business at branches of four local commercial banks across five cities: Nanning, Liuzhou, Guilin, Beihai, and Yulin. The sample consisted of 400 valid questionnaires collected from these customers, achieved after an initial return of 600 responses and subsequent rigorous data cleaning to remove incomplete responses or those with clear patterns of straight-lining answers.

3.3 Date Collection and Analysis

Researchers and volunteer students personally distributed and collected questionnaires in 3-5 strategically chosen cities within Guangxi, ensuring coverage by the four surveyed local commercial banks and the presence of external competitors. During collection, the researchers meticulously checked the completeness of each questionnaire and, if incomplete, gathered additional information to ensure all frameworks were filled out correctly. Once completed, the questionnaires were transformed into initial statistical data for further processing.

Upon receiving the completed questionnaires, the researchers manually verified their accuracy and completeness before encoding and processing the data using pre-existing software. The collected data were then subjected to statistical analysis, employing descriptive statistics and inferential statistics to interpret meaning and present findings. Descriptive statistics, specifically the mean and standard deviation, were used to understand customers' expectations, satisfaction, and loyalty regarding personal finance products. Additionally, to understand differences in customer expectations, satisfaction, and loyalty across various demographic groups, we used independent sample t-tests for characteristics with two groups (like gender) and Analysis of Variance (ANOVA) for characteristics with three or more groups (annual income and year of investment experience). Finally, regression analysis was employed to examine the direct influence relationships between customer expectation, customer satisfaction, and customer loyalty.

3.4 Ethical Considerations

This study did not involve human experimentation. All participants were informed of the research objectives before completing the questionnaire. All data collected were kept strictly confidential and used solely for the purpose of this research.

4. RESEARCH RESULT

Table 1: Demographic Factor of Respondents

(N=400)

Factor	Option	N	Percentage(%)
Gender	Female	254	63.50
	Male	146	36.50
Education	High school and below	1	0.25
	Junior college	58	14.50
	Postgraduate	70	17.50
	Undergraduate	271	67.75
Investment experience	1-3 years	219	54.75
	3-5 years	118	29.50
	Over 5 years	31	7.75
	Under 1 year	32	8.00
Total		400	100.00

A survey of 400 respondents revealed that the majority were female (63.50%) and held an undergraduate degree (67.75%). Most respondents (54.75%) had 1-3 years of investment experience, with a smaller proportion having over 5 years (7.75%) or under 1 year (8.00%).

Table 2: Average Mean and Standard Deviation

Category	Average Mean	Average Standard Deviation
Customer Expectation	3.66	1.30
Customer Satisfaction	3.49	1.37
Customer Loyalty	3.58	1.24

The average mean and standard deviation across the three categories indicate that customer expectation scored highest (Mean = 3.66, SD = 1.30), followed by customer loyalty (Mean = 3.58, SD = 1.24), with customer satisfaction having the lowest average mean (3.49) but the highest standard deviation (1.37).

Table 3: T-test for Gender

	Gender (mean value ± SD)		t	p
	Female(n=254)	Male(n=146)		
Customer Expectation	3.74±0.78	3.83±0.76	-1.100	0.272

	Gender (mean value ± SD)		t	p
	Female(n=254)	Male(n=146)		
Customer Satisfaction	3.57±0.92	3.71±0.89	-1.459	0.145
Customer Loyalty	3.60±0.62	3.65±0.61	-0.758	0.449

*p<0.05 **p<0.01

Table 3 presents the results of independent sample t-tests comparing male and female respondents across customer expectation, satisfaction, and loyalty. For customer expectation, females reported a mean of 3.74±0.78 and males 3.83±0.76, with no significant difference ($t=-1.100, p=0.272$). Similarly, customer satisfaction showed means of 3.57±0.92 for females and 3.71±0.89 for males, also without a significant difference ($t=-1.459, p=0.145$). Finally, customer loyalty had means of 3.60±0.62 for females and 3.65±0.61 for males, again with no significant difference ($t=-0.758, p=0.449$). These findings indicate that gender does not significantly influence customer expectation, satisfaction, or loyalty in this study.

Table 4: ANOVA for Education

	Education (mean value ± SD)				F	p
	High school and below(n=4)	Junior college (n=57)	Postgraduate (n=65)	Undergraduate (n=274)		
Customer Expectation	3.00±N/A (n=1)	3.78±0.88	3.71±0.66	3.79±0.78	0.504	0.680
Customer Satisfaction	3.00±N/A (n=1)	3.64±0.91	3.59±0.84	3.63±0.93	0.214	0.887
Customer Loyalty	3.00±N/A (n=1)	3.53±0.73	3.66±0.51	3.63±0.61	0.829	0.478

N/A indicates 'not applicable' as a standard deviation cannot be calculated for a single data point (n=1).
*p<0.05 **p<0.01

Table 4 presents the results of an ANOVA examining the influence of education level on customer expectation, satisfaction, and loyalty. For customer expectation, the mean values across education levels ranged from 3.00 (High school and below) to 3.79±0.78 (Undergraduate), with no statistically significant difference observed ($F=0.504, p=0.680$). Similarly, customer satisfaction means varied from 3.00 (High school and below) to 3.64±0.91 (Junior college), showing no significant impact of education ($F=0.214, p=0.887$). Lastly, customer loyalty means ranged from 3.00 (High school and below) to 3.66±0.51 (Postgraduate), again with no significant difference found ($F=0.829, p=0.478$). The "null" standard deviation for "High school and below" (n=4) indicates a very small group, which might affect the reliability of its specific mean. Overall, the analysis suggests that educational attainment does not significantly influence customers' expectation, satisfaction, or loyalty in this study.

Table 5: ANOVA for Year of Investment Experience

	Investment Experience(mean value ± SD)				F	p
	1-3 years	3-5 years	Over 5 years	Under 1 year		
Customer Expectation	3.77±0.75	3.81±0.78	3.81±0.87	3.63±0.83	0.517	0.671

	Investment Experience(mean value ± SD)				F	p
	1-3 years	3-5 years	Over 5 years	Under 1 year		
Customer Satisfaction	3.57±0.88	3.68±1.00	3.65±0.75	3.78±0.87	0.712	0.545
Customer Loyalty	3.59±0.60	3.66±0.62	3.71±0.59	3.56±0.72	0.623	0.600

*p<0.05 **p<0.01

Table 5 presents the results of an ANOVA examining the influence of investment experience on customer expectation, satisfaction, and loyalty. For customer expectation, mean values ranged from 3.63±0.83 (Under 1 year) to 3.81±0.87 (Over 5 years), with no statistically significant difference observed (F=0.517,p=0.671). Similarly, customer satisfaction means varied from 3.57±0.88 (1-3 years) to 3.78±0.87 (Under 1 year), showing no significant impact of investment experience (F=0.712,p=0.545). Lastly, customer loyalty means ranged from 3.56±0.72 (Under 1 year) to 3.71±0.59 (Over 5 years), again with no significant difference found (F=0.623,p=0.600). Overall, the analysis suggests that the years of investment experience do not significantly influence customers' expectation, satisfaction, or loyalty in this study.

Table 6: Correlation Analysis

	Customer Loyalty
Customer Expectation	0.581**
Customer Satisfaction	0.499**

* p<0.05 ** p<0.01

Table 6 presents the results of a correlation analysis examining the relationships between customer expectation, customer satisfaction, and customer loyalty. The analysis indicates a significant positive correlation between customer expectation and customer loyalty (r=0.581,p<0.01). Similarly, a significant positive correlation was found between customer satisfaction and customer loyalty (r=0.499,p<0.01). Both correlations are statistically significant at the 0.01 level, suggesting that as customer expectation and customer satisfaction increase, customer loyalty also tends to increase.

Table 7: Regression Coefficients

X	→	Y	Non-standardized pathway coefficients	SE	z (CR)	p	Standardized path coefficient
Customer Satisfaction	→	Customer Loyalty	0.337	0.029	11.502	0	0.499
Customer Expectation	→	Customer Satisfaction	0.302	0.063	4.785	0	0.258

Table 7 presents the regression coefficients for two key path relationships. The first path shows that Customer Satisfaction significantly influences Customer Loyalty, with a non-standardized coefficient of 0.337 (standardized coefficient = 0.499, z=11.502,p<0.001). This indicates that for every one-unit increase in customer satisfaction, customer loyalty increases by 0.337 units, holding other factors constant. The second path reveals that Customer Expectation significantly influences Customer Satisfaction, with a non-standardized coefficient of 0.302 (standardized coefficient = 0.258, $z=4.785, p<0.001$). This suggests that a one-unit increase in customer expectation leads to a 0.302 unit increase in customer satisfaction. Both relationships are highly statistically significant ($p=0.000$), confirming the strong predictive power of these antecedents.

5. DISCUSSION AND CONCLUSION

5.1 Overview of Customer Perceptions in Personal Finance Products

The demographic profile of the 400 respondents indicates a sample predominantly composed of female undergraduates with 1-3 years of investment experience. Descriptive statistics reveal that among the core constructs, customer expectation scored highest on average (Mean = 3.66, SD = 1.30), followed closely by customer loyalty (Mean = 3.58, SD = 1.24). Customer satisfaction registered the lowest average mean (Mean = 3.49) but exhibited the highest variability (SD = 1.37) among the three. These average scores provide an initial understanding of customers' general perceptions of personal financial products in the context of this study.

5.2 Differences in Perceptions Across Demographic Groups

Consistent with the independent sample t-test results for gender, no statistically significant differences were observed between male and female respondents concerning customer expectation, customer satisfaction, or customer loyalty. Similarly, ANOVA results for education and year of investment experience indicated a general lack of significant influence of these demographic factors on customers' expectation, satisfaction, or loyalty.

This suggests that for the demographic characteristics examined in these analyses, customers' attitudes and perceptions towards personal financial products tend to be largely consistent, rather than being significantly differentiated by their gender, educational background, or duration of investment experience. These findings align with some existing literature while offering interesting contrasts. For instance, Zhuge and Li (2022) observed significant gender differences in financial performance and life satisfaction among Chinese college students. However, importantly, they found no significant differences in these other aspects of their financial situation, except for investment, which suggests a broader consistency in financial attitudes and behaviors, although there may be gender differences. Our results support the latter point. That is, basic attitudes to financial products may be held widely, unexpectedly universally, regardless of gender.

5.3 Relationships Among Customer Expectation, Customer Satisfaction, and Customer Loyalty

The study's findings confirm the interrelationships among the key constructs. Correlation analysis revealed significant positive associations: customer expectation is positively correlated with customer loyalty ($r=0.581, p<0.01$), and customer satisfaction is also positively correlated with customer loyalty ($r=0.499, p<0.01$). This indicates that higher levels of customer expectation and satisfaction are associated with increased customer loyalty. Further, regression analysis elucidated direct influence pathways. Customer expectation was found to significantly influence customer satisfaction (standardized $\beta=0.258, p=0.000$), affirming that initial expectations play a role in shaping subsequent satisfaction levels. Most notably, customer satisfaction emerged as a significant and strong predictor of customer loyalty (standardized β=0.499,p=0.000), underscoring its critical role as a direct driver of loyalty in personal financial services.

These findings support the theoretical premise that satisfaction is a key determinant of customer loyalty, and expectation is an important antecedent to satisfaction. These results align with and are further contextualized by existing literature. Wu et al. (2022) in their direct focus on smart financial services at the J Bank of China Guangxi Branch found that the personalization, efficiency, and customization of smart financial services have a significant positive impact on customer satisfaction, which in turn indirectly leads to customer loyalty. Our results, especially the high predictive power of satisfaction on loyalty, support the findings of Wu et al. (2022) and underpin the importance of meeting and exceeding customer expectations in maintaining customers in the financial domain.

5.4 Conclusion

The study explores the current situation of Guangxi's local commercial banks under the framework of Expectation Confirmation Theory , revealing that customer expectations and satisfaction are crucial determinants of loyalty, with implications for banks seeking to enhance their service quality and deepen customer relationships. These findings make contribution to update customer retention strategies and fostering long-term business growth in the region.

6. LIMITATION

First, the study is limited by its sample. Expanding the sample to include diverse customer groups from various regions, cultural backgrounds, and consumption levels would help assess the universality of the findings. Second, the study does not fully explore intermediary variables. Potential moderating variables like market competition, corporate brand image, and customer participation have not been examined, which could influence the relationships between customer expectations, and loyalty at various stages of the customer relationship lifecycle. Future research, we could explore potential moderating variables such as perceived value, perceived quality, and customer participation. As these may further influence the relationships between customer expectations, satisfaction, and loyalty at various stages of the customer relationship lifecycle.

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