

EVALUATING THE MEDIATING INFLUENCE OF CUSTOMER SATISFACTION IN SHAPING CUSTOMER LOYALTY TOWARDS INTERNET BANKING SERVICES

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Abstract

The study examines the mediating role of customer satisfaction in the relationship between “service quality and client loyalty” in Internet banking services, focusing on the objectives of evaluating the service quality-satisfaction connection, assessing the “satisfaction-loyalty relationship”, and investigating the intermediating role of satisfaction. The study was quantitative and used a structured questionnaire to gather primary data on 200 Internet banking users in Delhi NCR, and studied the data using “descriptive statistics, correlation analysis, and Structural Equation Modelling” (SEM). The findings illustrate that SQ and satisfaction have medium but significant relationships, and satisfaction and loyalty have weak relationships, whereas the SEM supports the fact that satisfaction is a partial mediator between the two constructs. The results show that simple standards of digital services are perceived by the users as sufficient, but the level of satisfaction is not enough to achieve long-term loyalty in a highly competitive environment of online banking. The study concludes that long-term allegiance relies on broader digital worth suggestion, such as trustworthiness, transparency of security, and stable interface execution. Limitations are associated with the self-reported and cross-sectional nature of the data and geographical restrictions of the sample that limit generalization. Further studies need to be longitudinal and multi-regional and consider behavioral aspects of trust, perceived risk, and digital literacy in order to reflect the changing consumer loyalty in technology-based financial ecosystems.

Keywords: Internet Banking, Consumer Satisfaction, Consumer Loyalty, Service Quality

INTRODUCTION

Internet banking has become an essential digital service channel that enables customers to undertake financial transactions smoothly via secure online platforms (Gautam & Sah, 2023). The quality of online services offered by banks, including efficiency of transactions, security, privacy, and user-friendliness, is among the significant factors that contribute to how customers perceive their entire banking experience, as they progressively move more towards a digital interface (Khaliilmahamed, 2021). Despite the convenience, speed, and 24/7 accessibility of Internet banking (Nguyen and Singh, 2024), the competition on the digital platform never ceases as clients are becoming increasingly informed about technological advancements and demanding a higher level of service (Firdous and Farooqi, 2017). This has forced banks to keep on upgrading their digital infrastructure, system stability, and user experience to maintain customers in a low switching cost and high-substitute environment (Malyshev 2025). This renders the need to comprehend the motivation in user behavior in Internet banking more significant than ever (Redda, 2023).

The digital banking environment has already found customer satisfaction as one of the key mediators of conversion of positive service experiences to long-term loyalty (Asad et al., 2016). The user will tend to be satisfied based on how effectively, reliably, and responsively the website performs and how safe they perceive the website to be, and this will determine the level of trust and emotional connection to the banking platform (Yadav, 2022). Customer satisfaction (CS) makes the user more committed, lowers switching intentions, and enhances the likelihood of repeating usage and referring anybody to the service, therefore resulting in customer loyalty (CL) when the quality of the provided services is up to expectations (Yadav, 2022). Considering the fast digitalization of the banking service, satisfaction serves a pivotal role in the psychological linkage between the experience and the behavioural intention of the user and forms a decisive factor that will either guide customers to remain or abandon the usage of online banking (Firdous and Farooqi, 2017). As such, banks should not seek to gain satisfaction as a byproduct, but as a part of crafting long-term loyalty.

Nonetheless, the issue of CL to Internet banking is not simple and depends on various factors, such as trust and perceived security and digital interaction (Malyshev, 2025). Although previous studies recognize that service quality also builds loyalty, it is also highlighted that such a connection is usually indirect, and satisfaction is the main force that makes service quality a meaningful value to users (Gautam & Sah, 202). Empirical evidence by

examining different parts of the world, including South Africa and Nepal, proves that the role of higher satisfaction significantly explains the variation in loyalty, which confirms its role as a mediator (Lotko, 2022).

Although the quantity of Internet banking users has increased globally, it remains true that the majority of people who engage in digital finance express their apprehension regarding the system security, the complexity of the interface, and the lack of consistency in responsiveness, which can undermine the levels of satisfaction and derail the building of loyalty (Redda, 2023). With the growing competition among banks in terms of technological innovations, it is necessary to comprehend the idea of satisfaction, which would convert SQ into CL (Lotko 2022). It is in light of this that the current study is specifically aimed at assessing the mediating part of CS in the growth of CL to Internet banking services (IBI, 2021). Based on the aspects of service quality like efficiency, usability, and security that bring about satisfaction and consequently influence loyalty, the study will help to come up with a better idea of the mechanisms of loyalty building in digital banking ecosystems (Yadav, 2022).

The moderating role of customer satisfaction among the quality of services (IBS) and CL indicates that the best service can only be converted into customer loyalty, provided that it meets or surpasses customer expectations, resulting in positive affective and cognitive evaluation (Gautam and Sah 2023). The content customers are more likely to accept the occasional failures in services, and they will be encouraged to continue the banking relationship (Redda 2023). Investigation in the markets like South Africa and Nepal confirms that the level of satisfaction explains a significant part of the changes in loyalty, which further suggests that banks have to keep on enhancing online user experience, security, and responsiveness to retain their clients (Khatoun et al., 2020).

Table 1: Effects of E-Banking Service Quality Dimensions on Customer Satisfaction and Loyalty

Service Quality Dimensions	Direct Impact on Customer Satisfaction	Mediating Effect of Customer Satisfaction on Loyalty	Notes on influence
Efficiency (transaction speed, ease of use)	High ($\beta \sim 0.80$)	Strong mediation effect	Efficiency strongly enhances satisfaction, which in turn significantly increases loyalty.
Website Design and Usability	Moderate to High ($\beta \sim 0.70-0.80$)	Mediated through satisfaction	User-friendly design improves satisfaction, translating to greater customer loyalty.
Security & Privacy	Moderate ($\beta \sim 0.15$)	Partial mediation	Security is essential for trust, impacting satisfaction and loyalty, but with a lower effect size.
System Availability (uptime)	Moderate	Indirect influence via satisfaction	Reliable system availability contributes to satisfaction, supporting loyalty indirectly.
Fulfillment (Meeting Service promises)	Moderate to High	Mediated effect	Service fulfillment enhances satisfaction, leading to loyalty
Customer Satisfaction responsiveness	High	Significant mediation	Responsive support elevates satisfaction, strongly influencing loyalty

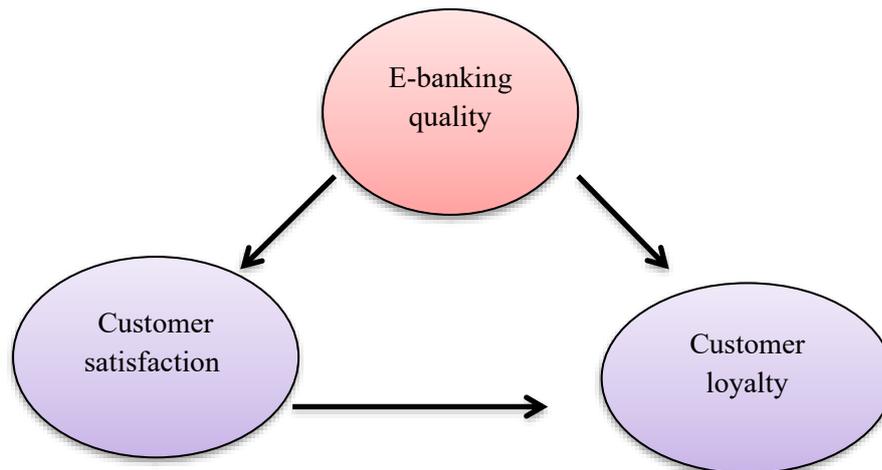


Figure 1: Conceptual Model of E-Banking Quality, Customer Satisfaction, and Customer Loyalty

“Customer satisfaction and customer loyalty” in relation to IBS are a stable and critical element influencing the level of customer retention in digital financial services (Moa et al., 2017). CS is a background factor that plays an important role in determining loyalty, as customers who become satisfied would want to use the online services provided by the bank more and would also refer others to the bank (Yadav et al., 2022). The study is always consistent regarding the results obtained when the quality of services provided through Internet banking is improved in terms of ease of use, security, reliability, and responsiveness; the level of CS rises as well, and consequently, CL is established (Elakkiya and Priyadharisini 2024). Moreover, trust of the customers cultivated as a result of positive customer satisfaction enhances commitment and retention. According to the results, service quality does affect loyalty; however, much of its influence is facilitated by satisfaction and, therefore, is a key contributor to the loyalty program and customer relationship strategies within the e-banking sector (Mishra 2014). The determinants of customer loyalty have become critical in the current competitive environment, where customers are rapidly shifting towards digital banking, and staying competitive requires a clear understanding of customers and their intensity of loyalty. The IBS, due to their convenience, accessibility, and efficiency, have reinvented the traditional banking behavior, yet long-term retention of customers has been a challenge. Although delivery of services and quality of technology play a very important role, customer satisfaction serves as an intermediate variable between quality of services and customer retention. The necessity of this study is associated with the increased awareness that when customers are satisfied, they tend to enjoy emotional attachment and trust in their banks, which, in the end, results in catatonic loyalty and referral. Hence, the objectives assess the mediating part of “customer satisfaction on customer loyalty” to IBS, how SQ dimensions, namely, dependability, responsiveness, usability, and security, impact on CS and, consequently, lead to customer loyalty.

LITERATURE REVIEW

Internet banking emphasized the increased role of CS as a “mediating variable” (MV) that existed between “service quality and customer loyalty”. To demonstrate the mediating part of CS in CL, Khan and Alhumoudi (2022) concentrated on the efficiency, reliability, and service quality as the factors linked to the improvement of customer satisfaction and retention in e-banking. Similarly, Mahajan, Kumar, and Malati (2021) have found that the dimensions of efficiency, fulfillment, security, responsiveness, and ease of use of online banking services positively affected CS, which confirms the applicability of the E-SERVQUAL model to the online banking context. On the other hand, the results of Sulaiman et al. (2021) indicated that both satisfaction and loyalty were positively impacted by SQ in non-interest (Islamic) banking, without significant mediation by customer satisfaction, which also indicated a difference in banking models and cultures.

Moreover, the literature revised the mediating model by adding such variables as the reputation of the corporation and the innovation of services to obtain enhanced comprehension of the building of trust in banking services. Kamal et al. (2022) proved that corporate reputation was a major mediating variable between CS and CL, and the authors emphasized that the banks should have leveraged image management in a strategic way to maintain customer attention. Nguyen, Ho, and Ngo (2024) explored this line of thought by studying the influence of service innovation and determined that innovative service concepts, procedures, and technological systems had a positive impact on contentment and loyalty among Vietnamese retail banking customers. Taken together, these works highlighted the fact that, even though the properties of SQ and satisfaction remained the cornerstone of the construct in the literature of customer loyalty, new mediators like innovation and reputation offered a more comprehensive view of customer behaviour in contemporary banking ecosystems.

Hypothesis Development

The review of the literature on electronic and Internet banking as a systematic literature review (SLR) indicated a similar focus on the dimension of e-service quality as a fundamental factor of CS and loyalty. In their investigation of the case involving Indian Internet banking users in New Delhi, Firdous and Farooqi (2017) found that efficiency, system availability, fulfilment, privacy, contact, and responsiveness significantly influenced customer satisfaction, which reached approximately 70 percent of overall customer satisfaction. They applied Zeithaml et al.'s e-SERVQUAL model to banking, and their study highlighted the applicability of the model in the post-demonetization digital economy of India. Similarly, Zavareh et al. (2012) and Ariff et al. (2013) confirmed “e-service quality” as a multidimensional construct, which encompassed the following elements: “efficiency, reliability, security/trust, site aesthetics, responsiveness, and ease of use” that greatly influenced e-CS and loyalty. In particular, Ariff et al. (2013) determined that aesthetics, direction, and availability of efficiency systems had a optimistic influence on e-satisfaction and loyalty, which proved that the technical qualities of banking websites, as well as design, influenced customer attitudes and trust in the online services.

These studies were supported by further studies in the developing economies and their applicability to customer loyalty and technological innovation. Sasono et al. (2021) determined that e-service quality had a strong relationship with e-satisfaction and that this served as an intermediary of e-loyalty among customers of the Internet banking sector, which supported the strength of the satisfaction-loyalty relationship in Internet banking. Similarly, Ayinaddis, Taye, and Yirsaw (2023) in Ethiopia and Islam et al. (2023) in Bangladesh demonstrated that responsiveness, reliability, privacy, and ease of use played a key role in motivating “satisfaction and loyalty” in newer banking systems. Nevertheless, the significance of system availability and service charges had not been consistent, indicating that customers had varied expectations of digital services in context. In general, the conducted studies led to the conclusion that high-quality, safe, responsive, and user-friendly e-banking systems were necessary to pursue customer satisfaction, and being satisfied was a crucial mediator that promoted long-term loyalty and trust in online financial services across different cultural and economic backgrounds.

H1: There is a significant positive relationship between service quality and customer satisfaction in Internet banking services.

More empirical evidence was provided of the high degree of mediation of CS between SQ and loyalty. Gautam and Sah (2023) stated that the most relevant variables in the practices of online banking services were the efficiency of the websites and e-customer service, although e-satisfaction played an significant role in mediating the relation between SQ and loyalty, which was considered the reason why the variable was relevant in the developing economy of Nepal. Lotko (2022) concluded that the most powerful predictors of CL in the European banking environment were their fulfillment and efficiency, while the role of privacy was relatively insignificant. All conclusions of this study supported the argument that the technical and relational dimensions of service quality, such as efficiency and usability, trust, and intimacy, played a role in the “satisfaction and loyalty” in terms of online banking.

Additional information broadened the scope of the discussion of the traditional loyalty results to consumer retention and credibility. Minhaj and Khan (2025) investigated the online banking industry in India and affirmed that the quality of services aided in retaining customers, while credibility and customer satisfaction served as a strong mediating factor between these two variables. The study served as an addition to the understanding of satisfaction as a psychological result and a strategic facilitator of retention in competitive digital ecosystems over the long term. Tying these results to the findings of Nyan, Rockson, and Addo (2020), who examined the Ghana telecommunications industry, it was discovered that, although the SQ had a positive impact on “satisfaction and loyalty”, the mediating role of satisfaction was not comprehensive, and other factors might have moderated this relationship. Together, these studies provided support that the quality of services always led to satisfaction and loyalty, but the degree of mediation and its fullness depended on the context and dimension of a service.

H2: There is a significant positive relationship between customer satisfaction and customer loyalty among Internet banking users.

The studies facilitated the critical role of CS as an interim factor between e-banking SQ and CL in various regions and industrial settings. In the “South African banking sector”, Redda (2023) demonstrated that e-banking quality had indirect as well as direct impact on loyalty in the form of CS, which constituted a partial mediation factor. However, the same study revealed that the reliability, responsiveness, and customer service greatly contributed to the satisfaction, which, in turn, reinforced loyalty in Indonesian mobile banking customers, but privacy and security did not have a significant impact (Tedjokusumo and Murhadi, 2023). Khatoun, Zhengliang, and Hussain (2020) found that the core service quality extents, such as efficiency, awareness, communication, and reliability, have a optimistic impact on purchase intentions in the Qatar banking sector by way of satisfaction, which means that satisfied consumers became more likely to engage in repeat banking relationships.

The further observations added to the discussion of the more traditional understanding of loyalty as consumer retention and credibility. In testing the Indian online banking industry, Minhaj and Khan (2025) confirmed that the quality of the services contributed greatly to maintaining and building the credibility of the consumers, and customer satisfaction was a powerful mediating variable between the two associations. The study was exploited in investigating the contribution of satisfaction as a psychological product, together with acting as a strategic motivation of retention within competitive digital ecosystems in the long term. Nyan, Rockson, and Addo (2020) investigated the telecommunications sector in Ghana and determined that the quality of the services influenced

“satisfaction and loyalty”, and the mediating part of satisfaction was partial. They have pointed out that the relationship between the two may be mediated by other variables. Collectively, these studies allowed us to conclude that the “quality of service” always mediated satisfaction and loyalty, although the degree and completeness of mediation varied depending on the circumstances and dimension of service.

H3: Customer satisfaction significantly mediates the relationship between service quality and customer loyalty in Internet banking services.

RESEARCH METHODOLOGY

The research design is a quantitative approach aimed at determining whether customer happiness mediates client loyalty to IBS. The study was conducted in the Delhi NCR region, focusing on Internet banking clients from diverse demographic and occupational backgrounds. “Stratified random sampling” was employed to ensure the sample represented all user strata, with a total sample size of 200 respondents. It employs a descriptive and analytical framework, utilizing both primary and secondary data. Primary data about “service quality (independent variable), customer satisfaction (mediating variable), and customer loyalty (dependent variable)” were obtained via a standardized questionnaire. The data were analyzed using “MS Excel, SPSS 27, and AMOS 23”. The hypothesis testing assessed the mediating influence of CS on the relation between SQ and CL in IBS, employing “mean, standard deviation, correlation, and Structural Equation Modeling” (SEM).

Conceptual Framework

A conceptual framework is a structured visual or written representation that shows how key variables or concepts in a study are linked to one another. It guides the research by illustrating the expected relationships and providing a logical foundation for the study’s direction (Jean 2023).

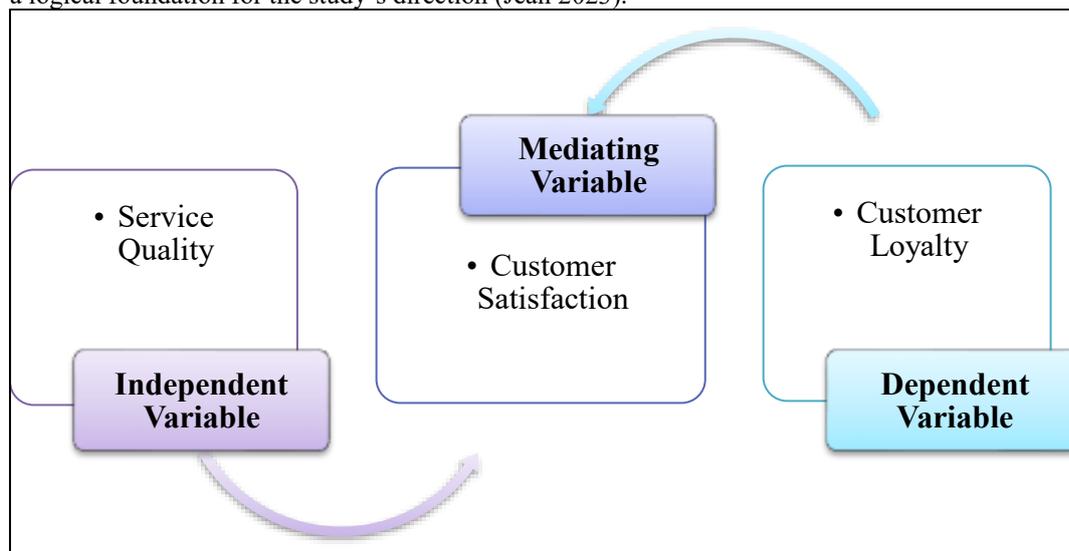


Figure 2: Conceptual Framework

RESULT

Table 2: Demographic profile of respondents

S.NO.	Demographic Characteristics	N	%	
1	Gender	Male	87	43.20%
		Female	113	56.50%
2	Age Group	18–25 years	51	25.50%
		26–35 years	38	19%
		36–45 years	32	16%
		46–55 years	34	17%
		56 years and above	45	22.50%
3	Educational Qualification	Undergraduate	44	22%
		Graduate	37	18.50%
		Postgraduate	41	20.50%
		Doctorate	40	20%

		Professional Certification	38	19%
4	Occupation	Student	49	24.50%
		Private-sector Employee	45	22.50%
		Government Employee	26	13%
		Self-employed	47	23.50%
		Retired	33	16.50%
5	Monthly Income (in INR)	Below Rs 25,000	42	21%
		Rs 25,001 – Rs 50,000	36	18%
		Rs 50,001 – Rs 75,000	40	20%
		Rs 75,001 – Rs 1,00,000	35	17.50%
		Above Rs 1,00,000	47	23.50%
6	Type of Bank Used for Internet Banking	Public Sector Bank	53	26.50%
		Private Sector Bank	47	23.50%
		Foreign Bank	43	21.50%
		Cooperative Bank	57	28.50%
7	Duration of Using IBS	Less than 1 year	34	17%
		1–3 years	33	16.50%
		4–6 years	44	22%
		7–10 years	53	26.50%
		More than 10 years	36	18%

The demographic profile of respondents comprises a well-distributed and diverse population that provides a balanced basis for internet banking perceptions analysis. The statistics indicate that more females are involved than males, implying a greater willingness of women to take part in the survey. The age distribution shows that the respondents are distributed in all age groups, with a significant representation of the younger adults (1825 years) and older people (56 years and above), which contributes to the reflection of generational distinctions in the banking patterns. The distribution of education is equally balanced, and there is involvement of both undergraduate and doctoral students, which means that people using internet banking belong to different academic backgrounds. The occupational distribution is equally varied as there are students, private and government employees, self-employed people, and retired ones all taking part in the study, which is very representative of the economy. The levels of income also differ significantly, which means that there is internet banking among the financial layers. The distribution of the types of banks that people use indicates that the respondents use a combination of the following banks: public, private, foreign, and cooperative banks, meaning that they have extensive exposure to various banking systems. Lastly, the internet banking tenure of both new users and those with a network of more than a decade presents the information about the first-time and mature use. This general demographic composition makes the results of the study reliable and inclusive.

Result based on objectives

Objective 1: To examine the relationship between service quality and customer satisfaction in the context of Internet banking services.

H1: There is a significant positive relationship between service quality and customer satisfaction in Internet banking services.

Table 3: Descriptive Statistics Table

Descriptive Statistics			
	Mean	Std. Deviation	N
Customer Satisfaction	10.8700	2.58000	200
Service Quality	10.1900	2.50505	200

The descriptive statistics show the general trends in CS and service quality among the 200 participants. The average rating of CS is 10.87, which indicates that, on average, the respondents have a moderately positive attitude towards their banking experience. The standard deviation of 2.58 demonstrates that the number of respondents who have similar levels of satisfaction is high, but, nevertheless, the individual perceptions vary. Comparatively, service quality has a lower mean score of 10.19, which means that the respondents view the quality of service more negatively than their overall satisfaction. The standard deviation is 2.51, and thus it suggests a similar spread

of the opinion as observed in customer satisfaction. The combination of these findings indicates that although customers are mostly satisfied, there can be certain areas of service delivery that can use enhancement to make their customer experience even more positive.

Table 4: Correlations Table

Correlations			
		Customer Satisfaction	Service Quality
Customer Satisfaction	Pearson Correlation	1	.385**
	Sig. (2-tailed)		.000
	N	200	200
Service Quality	Pearson Correlation	.385**	1
	Sig. (2-tailed)	.000	
	N	200	200

** . Correlation is significant at the 0.01 level (2-tailed).

The correlation analysis shows that CS and SQ are statistically significantly positively related, and their Pearson correlation coefficient is 0.385. This shows a moderate positive relationship, that is, the higher the perception of quality of the service, the higher the CS. The value of the significance ($p = 0.000$) proves that the value is significant at the level of 0.01, so the observed correlation is not a chance occurrence. The relationship is rather moderate as compared to strong, but still, the fact that the “quality of service” is significant in the overall satisfaction of the customers is raised. This observation complements the principles of the general service management concept that reinforces the view that CS in the banking industry can be effectively promoted through the improvement of service-related variables.

Objective 2: To analyze the relationship between customer satisfaction and customer loyalty among Internet banking users.

H2: There is a significant positive relationship between customer satisfaction and customer loyalty among Internet banking users.

Table 5: Descriptive Statistics Table

Descriptive Statistics			
	Mean	Std. Deviation	N
Customer Satisfaction	10.8700	2.58000	200
Customer Loyalty	9.3550	2.98219	200

The descriptive statistics indicate the overall trend of the responses to the questions of CS and CL of 200 participants. The average customer satisfaction score is 10.87, which means that, on average, the respondents are complaining of a reasonably positive degree of customer satisfaction with their banking services. The standard deviation of 2.58 indicates that there are many respondents with the same level of satisfaction, but still, there is a moderate distribution in the personal opinions. The mean score of customer loyalty is 9.36, which means that customer loyalty is not as high as the level of customer satisfaction. The larger standard deviation at 2.98 indicates more variation in the responses of loyalty as customers are more different in terms of their loyalty commitment or loyalty to their bank. On the whole, the findings suggest that although customers are likely to be satisfied, they can be loyal to the bank, but more effort is needed by them to enhance and preserve their loyalty.

Table 6: Correlations Table

Correlations			
		Customer Satisfaction	Customer Loyalty
Customer Satisfaction	Pearson Correlation	1	.175*
	Sig. (2-tailed)		.013
	N	200	200
Customer Loyalty	Pearson Correlation	.175*	1
	Sig. (2-tailed)	.013	
	N	200	200

*. Correlation is significant at the 0.05 level (2-tailed).

The correlation findings show a positive relationship between CS and CL, which is weak in strength but statistically significant with a “Pearson correlation coefficient” of 0.175. The level of this relationship is not very high, but the significance value ($p = 0.013$) indicates that it is meaningful at the 0.05 level, meaning that the association is not a daily occurrence. This implies that customer loyalty tends to grow with the increase in customer satisfaction, although the growth is limited. The low correlation suggests that satisfaction cannot be an

independent variable that can affect loyalty strongly since other variables, including trust, service consistency, rewards, convenience, or brand image, may also play significant roles in determining long-term customer commitment. All in all, the results indicate that although satisfaction can be used to generate loyalty, there are extra measures that banks should consider to achieve a greater and more enduring customer loyalty.

Objective 3: To investigate the mediating role of customer satisfaction in the relationship between service quality and customer loyalty in Internet banking.

H3: Customer satisfaction significantly mediates the relationship between service quality and customer loyalty in Internet banking services.

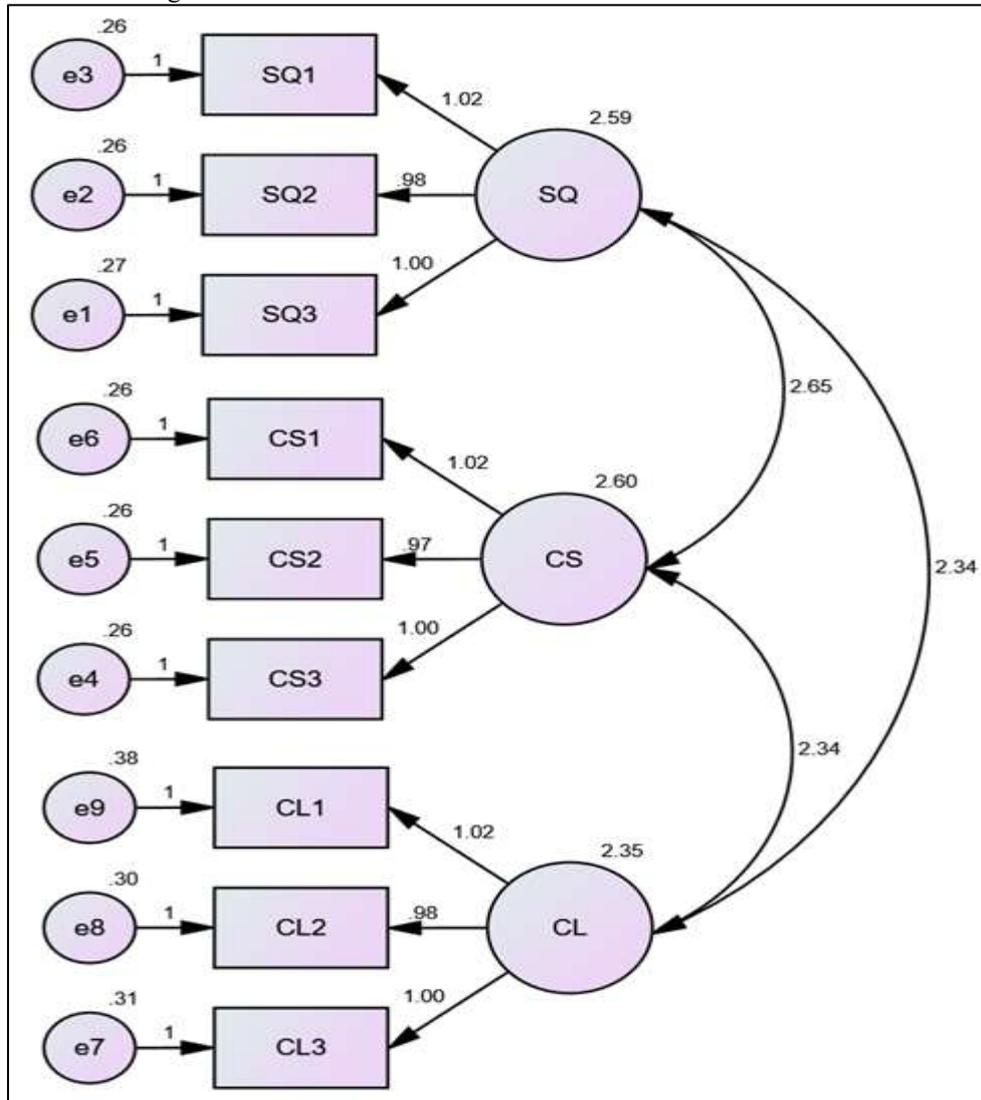


Figure 3: Final Model Fit Diagram

Table 7: Measurement Model Comparison and Fit Statistic Analysis

Models: Full Measurement Model									
χ^2	df	χ^2/df	RMSEA	TLI	CFI	NFI	GFI	AGFI	SRMR
312.45	210	1.49	0.048	0.958	0.967	0.921	0.934	0.903	0.041
"Note: n = 200, *** p < 0.001, Each model is compared with the full measurement model χ^2 = chi-square; df = degrees of freedom; RMSEA = Root Mean Square Error of Approximation; TLI = Tucker-Lewis Index; CFI = Comparative Fit Index; NFI = Bentler-Bonett Normed Fit Index; GFI = Goodness of Fit Index; AGFI = Adjusted Goodness of Fit Index; SRMR = Standardized Root Mean Squared Residual."									

The outcomes of the entire measurement model suggest that the model has a great fit on the sample of 200 respondents. The chi-square statistic ($\chi^2 = 312.45, 210df$) indicates a ratio of $\chi^2/df = 1.49$, and this is far less than the acceptable 3, indicating a well-fitting model. The good fit is further discussed by the "RMSEA value", which is 0.048, which is lower than the recommended cut-off of 0.06. In like manner, the incremental fit tests TLI (0.958), CFI (0.967), and NFI (0.921) have all high values which exceed the acceptable value of 0.90, which illustrates excellent comparative and incremental fit. The absolute fit indices, GPI (0.934) and AGFI (0.903), are also above the necessary minimum adequacy of 0.90, which supports the quality adequacy of the model structure.

Lastly, the SRMR of 0.041 is significantly less than the acceptable level of 0.08, meaning there is little residual variance. All these fit statistics together indicate that the entire measurement model has a solid and well-specified structure and is well-supported empirically.

DISCUSSION

The study confirms the old-standing opinion that SQ is the strongest factor of CS in Internet banking, but the intensity of this connection in the current data is not the strongest, as the bank services do not match the expectations of the clients. Correlation of 0.385 can highlight previous study that has focused on efficiency, reliability, and usability as the key precursors of satisfaction as the core factors (Firdous and Farooqi, 2017; Ariff et al., 2013), yet it also reveals a more fundamental underpinning vulnerability of digital banking experiences, that technical sufficiency is not enough to make users fully satisfied in an ever-advanced digital ecosystem. This is unlike studies in Nepal and Indonesia, whereby satisfaction was heavily stipulated by the quality of services because of the reduced baseline digital expectations (Gautam and Sah, 2023; Sasono et al., 2021). The less significant implication found here is that the Indian digital banking individuals have grown more technologically advanced, whereby they require seamless functionality, a sense of security, and constant availability of the systems, in addition to the basic functionality. The non-alignment between the expectations of the user and the attributes of the service can be seen as well in the lower mean score of the service quality despite the high degree of overall satisfaction, which suggests that customers can be satisfied enough to use Internet banking and yet be still not convinced the performance of banks is the best, which puts Indian banks at a competitive risk in a low-switching-cost environment (Nguyen and Singh, 2024; Redda, 2023).

Better still, the weak correlation between satisfaction and loyalty ($r = 0.175$) is more of a revelation that the popular assumption in previous theoretical frameworks that satisfaction directly and strongly leads to loyalty is incorrect. Such a discovery reveals the unpleasant reality that is often disregarded when it comes to research on Internet banking: satisfaction is not enough to win loyalty in online financial services. Previous study in Qatar, Ghana, and Bangladesh has also indicated that loyalty is largely dependent on trust, technological trustworthiness, and institutional credibility and not on satisfaction per se (Khatoon et al., 2020; Nyan et al., 2020; Islam et al., 2023). These insights are reflected in the current findings that indicate a mediating nature of satisfaction between quality and loyalty of services, but do not dominate, indicating partial mediation. It can be attributed to the study that states that customers may be satisfied but still uncommitted because of the overload of other banking platforms, competition in digital interfaces, and low switching costs (Minhaj and Khan, 2025). Both high model-fit indices help to establish the theoretical soundness of the conceptual framework of quality satisfaction loyalty, yet the low effect sizes indicate that to achieve customer loyalty in digital banking, continuous innovation, perceived security, and personalized digital support must be acquired, rather than just satisfactory service delivery. All in all, the discussion shows that this can be characterized as a maturing market in which loyalty is not very strong, expectations are growing, and banks cannot afford to continue delivering digitally in a functional manner without being strategic in their approach to customer interaction in a manner that may be deemed meaningful to retain users.

CONCLUSION

The study indicates that SQ remains a determinant in establishing CS in the context of Internet banking, but the effect is less direct than the impact of linear frameworks would imply. The outcome has shown that customers positively rate the services of Internet banking, but their satisfaction scores are at the level of adequacy as opposed to the feeling of high-performance. This shows that consumers use the digital banking systems as a necessity and convenience, but are still skeptical about other factors like responsiveness, usability, and system reliability. The mid-range correlation between the quality of services and satisfaction implies that the banks are performing at the minimum performance requirements, but have not yet crossed the point of offering always outstanding digital experiences that can dramatically distinguish one bank from others.

More importantly, the study confirms that customer satisfaction is only partially converted into customer loyalty, highlighting the dynamic consumer behaviour in online financial ecosystems. The users might be happy with the services that they get, but they are committed to a bank; however, this one is not a solid commitment because there are multiple similar options, and switching platforms is quite easy. The mediating effect found in the analysis is to verify that satisfaction is a significant psychological channel linking the service quality with loyalty, but it does not act as a sole determinant. Loyalty as a construct appears more complicated and is influenced by the wider views of trust, technological confidence, consistency of the interface, and digital confidence in general. The findings stress the fact that the enhancement of functional services is not the only way to build sustainable loyalty in Internet banking. Rather, banks have to move towards a more coherent digital approach that incorporates dependability, safety, creativity, and client-focused design to enhance long-term interaction in an already competitive digital banking space.

Limitation

This study has a limitation as it was based on self-reported data; therefore, there is a possibility of respondent bias and subjective understanding of the quality and satisfaction of the services. The sample is limited to Internet

banking users of the Delhi NCR area, which makes it difficult to generalize the results to other geographical or demographic settings. Also, the cross-sectional design recorded perceptions at a particular time, and thus will not be able to analyze how satisfaction and loyalty change over time due to changes in technology or better service delivery. The measurable service quality dimensions are also limited to only those aspects that are to be measured, and psychological or behavioural factors are not taken into consideration in the study; hence, they do not show the effect on loyalty.

Future Research, Recommendations, and Suggestions

The study on Internet banking satisfaction and loyalty should be a study of longitudinal designs to investigate how the image of users alters along with the development of technologies. It would improve the generalizability and bring out contextual differences by expanding the study to other regions and banking segments. Banks can enhance their loyalty beyond mere satisfaction by focusing on constant interface improvement, customized digital support, and enhanced security communication. It is recommended that researchers consider adding other variables like trust, perceived risk, and digital literacy in order to broaden the knowledge on customer behavior. The adoption of mixed methods could also yield more detailed information on the emotional and experience processes that influence long-term digital banking engagement.

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