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Do Perceived Ethics and Transparency Influence Customer Loyalty in Banking Sector? An Evidence from India

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ABSTRACT

The significance of business ethics has tremendously increased in recent years with the phenomenal rise in the volume and power of corporate brands. The domain of business ethics has been deeply investigated in the recent past given the rapidly emerging business forms, platforms and the market dynamics. The present study investigates the association between perceived ethics and transparency, and customer loyalty in banking sector. Primary data were collected from 422 customers of various banks in select locations of Bangalore city who are majors and have at least savings account in any of the banks. Based on review of literature, Ethics and Transparency construct was found to be one of the pertinent constructs in the context of customer loyalty in the banking sector. A total of 8 items were studied under the explanatory variable- perceived ethics and transparency to assess its influence on outcome variable- customer loyalty. Regression output shows the significant influence of predictors on customer loyalty with an adjusted R2 value of .532. It is statistically significant at 95%.

Keywords: Banking Sector, Customer Loyalty, Perceived ethics, Transparency and Trust.

INTRODUCTION

The services industry contributes immensely with around 54 percent to the GDP of India, specifically, the financial services sector's share is quite substantial at 23.2 percent. The reason for this impetus is primarily the globalisation of financial markets, which resulted in the entry of swarms of foreign banks into the Indian financial markets, and the consolidation of existing players leading to the formation of a different market structure (Pinar et al., 2012). For a competitive economy, a robust financial system is essential. The banking sector is probably one of the sectors, which has seen enormous competitive pressure over the last decade.In recent years, the banking sector has faced significant scrutiny regarding ethical practices and transparency. As consumers become increasingly aware of corporate behaviors, their perceptions of a bank's ethics significantly influence brand equity. Brand equity encompasses consumer perceptions of a brand's value, loyalty, and overall reputation, and is heavily influenced by factors such as perceived ethics and transparency. Most of the core services provided by the banks are generic and differentiation in terms of products is almost negligible. Providing support services and focusing on relationship management are some of the ways the banks can generate brand equity (Yoganathan et al., 2015).

Ethical behaviour by an organisation from the perspective of social identity theory gives interesting insights. According to this theory, consumers want to be identified with a group, and if the brand with which the consumer is associated displays ethical behaviour, the consumer may also gain respect and recognition from the group (He et al., 2012). Due to increase in the competition and various scandals, a need arises for the banks to investigate the ethical aspect of their functioning. Additionally, as technology is replacing the face-to-face interaction with the employees of the banks it necessitates more focus on ethical behaviour to be adopted by the banks (F. A. F. Ferreira et al., 2016). Given the immense significance of ethics in banking, conversely, the consumers seem to have lesser awareness and do not use much available data to understand the positioning of banking institutions regarding ethics (Patterson & McEachern, 2018). Ogbo et al. (2013) attempted to uncover business ethics in the banking industry in Nigeria and how it can be used as a tool for competitive advantage. Sierra et al. (2017) proposed that an ethical corporate brand is especially relevant in services as it reduces the perceived risk associated with the intangible nature of services.

REVIEW OF LITERATURE

Pivato, S., et al (2021) identified the effects of Customer Perceived Ethicality (CPE) on brand equity. The findings suggest a partial mediation of perceived quality, and a full mediation of brand affect exists in the relationship between CPE and brand equity. Brunk (2012) developed a scale to measure various facets of ethics. The various themes included avoiding damaging behaviour, abiding by the law, acting socially responsible, and respecting moral norms among others. Without a doubt the benefits of adopting ethical behaviour by the organisation are numerous, it induces trust in the consumer, signals the quality of the service, improves the attitude of the customer towards the firm, and leads to better business performance (He et al., 2012).

The concern regarding ethical practices in day to day operations of the banks is continuously growing, coupled with an argument that ethical behaviour is not an add on but a strategic value-add (F. A. F. Ferreira et al., 2016). Consumers' rising tendency to push toward socially responsible products, the plethora of scams, and the financial crisis of 2008 have led to the calls for more transparency. Advanced technologies especially in regards to communication have empowered the customers, therefore, the organisations which would like to maintain the secrecy over the corporate scandals and scams are finding it more difficult and dangerous to do so (Bhaduri & Ha-Brookshire, 2011). Trust is an important construct in building relationships with customers and other stakeholders. Interestingly, transparency is related to trust and it is often considered a key solution for any lapses in business ethical practices. Transparency has many dimensions - provision to provide information, the disclosures of various rules, regulations, and processes. Easily comprehensible products and services, and access to information are key drivers of customer patronage in services settings (Frederik & Pauline, 2017). Information and communication are the important dimensions of transparency (Auger, 2014; Schnackenberg & Tomlinson, 2016). Colgate & Hedge, (2001) explored the reasons why consumers switch in the retail banking industry, and found that service failures, pricing, and denied services are the dominant ones. Apart from other variables like fees and charges, the information given by the bank was a crucial variable that impacts the decision of the consumer to switch to another bank. J. J. M. Ferreira et al. (2018) endeavoured to discover a deeper understanding of ethical practices in the banking sector, using a Choquet Integral method. The framework categorises ethical banking as internal ethics and external ethics, and confirms that transparency is an important component of internal ethics.

The study by Ogbo et al. (2013) underlines the gravity of transparency which includes information (terms and conditions) communicated by the bank and can be considered as one way to improve the transparency in the banking system. Information should be accurate, relevant & reliable, and clear (Rawlins, 2006) and in the banking system transparency along with value congruence, stability, and competence impact the brand loyalty. There exists a wide range of research on the impact of transparency on the purchase intention of the consumer. One such study by Bhaduri & Ha-Brookshire (2011) tried to understand the relationship between transparent business practices and customer purchase intention. Interestingly, the study finds that the consumers who are cautious about the environment and are aware of business transparency issues are willing to purchase more from the organisation. The research highlighted the importance of business/ information transparency which is used as a precursor by the consumer for evaluating brands as well. Further, Andrievskaya & Raschupkin (2015) explored information disclosure in the financial services sector and the findings confirm that voluntary transparency has a positive impact on the market power and market share of banks.

A pioneering study by Ennew & Sekhon (2007) addressed a crucial subject of trust in the financial services sector. The nature of services, specifically financial services makes them more vulnerable and the customer usually perceives it as a high- risk product/service while purchasing. To address the problem, the study developed a trustworthiness index. The components of trust in financial services are found to be Benevolence, Integrity, Expertise, Shared Values, and Communication which is defined as the degree to which the bank communicates with the customers effectively. Sekhon et al. (2014) made a clear distinction between trustworthiness and trust. Trustworthiness is the extent to which an institution can be trusted whereas trust is the result of the trustworthiness and can be considered as how much a consumer is ready to trust the institution. The concern of defining business ethics has been recently looked into deeply. It is often related to another construct of Corporate Social Responsibility (CSR). CSR practices are being adopted enormously by corporations that enable the corporations to have legitimacy, which in turn can help them to acquire more resources (Trendafilova et al., 2014). Some of the studies consider business ethics as part of CSR activities (Weller, 2017) whereas others consider CSR as a part of business ethics (Carroll, 1991). Few studies use the term interchangeably (Fischer, 2004), and few others consider them different (Epstein, 1987). The debate whether ethical brands are focused on sustainability and are part of CSR or they are distinct continues. Financial service providers should work on ensuring clear communication and keeping their customers well informed (Raghuvir, S., & Rani, N. M., 2024). It includes updating accounts and other financial matters and transparency should be a priority. The quality of communication is also found to be an important component. Unambiguous and difficult to follow instructions create doubts in the minds of consumers. Active engagement through various means/media can also build connections with the customer.

Vantomme, D., Geuens, M., & De Houwer, J. (2005) emphasised the importance of transparency and communication in customer trust, especially in sectors like banking where customers frequently interact. Transparency in pricing of the services strengthens brand equity, as clear pricing enhances customer trust and reduces perceived risk (Chahal, H., & Bala, M., 2010). Zeithaml, V. A., et al (2002) discussed the importance of accurate and relevant information in shaping customers' perceptions of quality in digital banking services, and emphasised that precise information drives trust and engagement. Lee, M. K., & Turban, E. (2001) highlighted the role resources like help menus in building trust in online services, and asserted that the clear guidance through user friendly menu contributes to positive online banking experiences. Kaptein's model (2008) examined the ethical corporate culture in specific context of bribes- being called by different names in different regions, and stated that clear anti-bribery policies contribute to a strong ethical image in the banking sector, fostering customer trust and confidence. Singh, J et al. (2007) examined the impact of perceived ethical practices on consumer trust. The study highlighted that ethical conduct strengthens brand loyalty in industries such as banking where customers depend on integrity. R. M., & Hunt, S. D. (1994) propounded trust theory which explains how trustworthiness and reliable operations form the basis for customer relationships in long term, especially in sectors like banking that involve handling sensitive customer data.

Aaker (1991) ascertained brand loyalty as a core component of brand equity, emphasising that strong loyalty means customers would patron a brand even if competitors have similar offerings. Studies also point to loyalty being pivotal due to the long-term nature of relationships in banking sector (Zeithaml et al., 1996). Brown T.J., et al (2005) found that the positive word of mouth - WOM is an important brand equity dimension.

One of the earliest definitions of brand loyalty was proposed by Jacoby J & Kyner D (1973) which distinguishes it from simple repeat purchase behaviour. The operational definition by the authors is more comprehensive and includes six necessary conditions for brand loyalty such as "the predisposed (i.e., non-random), behavioural response (i.e., purchase), expressed over time, by some decision-making unit, regarding one or more alternative brands out of a set of such brands, and is a function of psychological (decision-making, evaluative) processes". Over the time, researchers have adopted varied approaches for measuring loyalty - as a single-dimensional construct (attitudinal or behavioural), two-dimensional (both attitudinal and behavioural), and an integrative approach in which other indicators are considered as a proxy for brand loyalty. East et al. (2005) explored in their study if brand loyalty should be measured as a singular item viz., attitudinal or behavioural, or as an integrative item combining the attitude and behaviour. The study found a singular item approach is preferable in predicting loyalty outcomes rather than an integrative approach. Dick & Basu (1994) opined that loyalty has two facets- behavioural and attitudinal loyalty. Repeat repurchase intention depicts behavioural loyalty whereas attitudinal loyalty is liking the product/service.

Conceptual Model

Extensive review of literature prompted the researchers to conceptualise the influence of perceived ethics and transparency on brand equity regarding banking sector. The items identified to be appropriate to capture the perceived ethics and transparency (PET) and customer loyalty (CLY) are listed in table 1 and 2 shown below:

Table 1: Items included in Perceived Ethics and Transparency

Sl No	Item	Reference

ET1	The bank communicates changes in Terms and Conditions.	**Auger, 2014; Schnackenberg & Tomlinson, 2016**), **Frederik, R. & Pauline, 2017, Ogbo et al. (2013),** Vantomme, D., Geuens, M., & De Houwer, J. (2005)
ET2	The bank follows transparent pricing system	**Rawlins, (2006)**
ET3	Info given by bank/ on website is accurate and relevant	Zeithaml, V. A., Parasuraman, A., & Malhotra, A. (2002
ET4	Help Menu provided on the website is comprehensive	Lee, M. K., & Turban, E. (2001).
ET5	The bank does not indulge in bribery at any level	Kaptein, M. (2008).
ET6	The bank is ethical in conduct of its business	Singh, J., Vitell, S. J., Al-Khatib, J., & Clark, I. (2007)
ET7	The bank is trustworthy in its operations	Morgan, R. M., & Hunt, S. D. (1994)
ET8	The bank respects all its customers and treats them fairly	Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1985)

Source: Primary data

Table 2: Items included in Customer Loyalty

Sl No	Item	Reference
LY1	It makes sense to continue to buy services from my bank instead of any other bank	Aaker (1991),
LY2	I would prefer to transact with my bank, even if another bank offers services similar to that of my bank.	Zeithaml et al., (1996)
LY3	I say positive things to people about my bank.	Oliver (1999)
LY4	When possible, I provide positive feedback in writing on my bank.	Chaudhuri and Holbrook (20010; Ranaweera, C., & Prabhu, J. (2003).
LY5	I take the initiative to actively promote my bank	Gremler and Brown (1996)
LY6	I could convince other people in my circle to deal with my bank.	Bagozzi (1992, Dick & Basu (1994)

Source: Primary data

The following figure 1 depicts the hypothesised influence of PET on CLY:

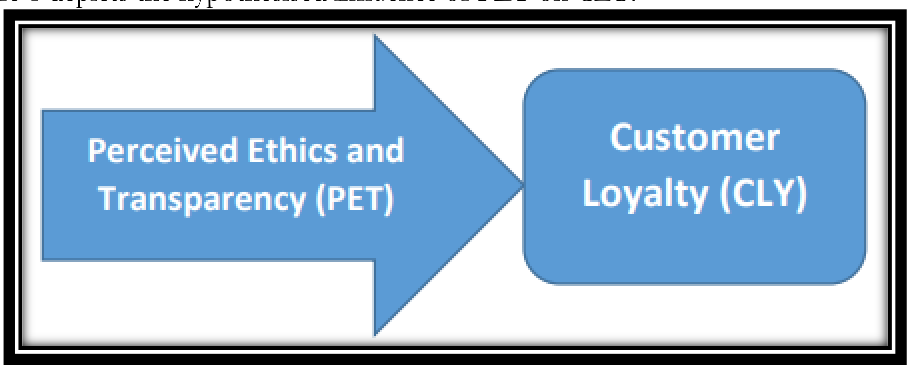

Figure 1: Conceptual model depicting influence of PET on CLY
Source: Authors

METHODOLOGY

The present study is descriptive in nature based on the primary data collected from the 422 respondents (customers situated in select locations of Bangalore city, transacting with different banks) using area sampling technique. The study focused on the influence of perceived ethics and transparency (independent variable) in the services provided by the banks on the customer loyalty (dependent variable). The unique features of banks and financial services make them an ideal candidate for customer loyalty, which can play a key role in creating shareholder wealth. From the literature review, eight items have been selected to capture perceived ethics and transparency and seven items to capture customer loyalty. The composite mean score of customer loyalty has been used to test the significance of association and influence between independent and dependent variables. Descriptive and inferential statistics were used to analyse the data. The following Tables show the items included in the dimensions of perceived ethics and transparency, and customer loyalty towards the banks.

Data Analysis

Analysis of respondent demographics reveals 67% are male and 33% were females. About 36% were under 40 years of age, and only 13% of the respondents were above 60 years. From the total respondents, a vast majority of 60% were employed, around 11% were students, whereas 15% were self-employed. Only 20% fall under annual family income bracket of up to Rs 5 Lakhs per Annum; the rest of them are equally distributed with 28% each falling in Rs 5-10 Lakhs per annum; and Rs 10-20 Lakhs per annum; and the rest 24% in the category of above Rs 20 lakhs per annum. The Cronbach's Alpha value for the items under PET and CLY were found to be 0.902 and 0.92 respectively, which is greater than the threshold value of 0.7, indicating good internal consistency.

The mean scores of items under perceived ethics and transparency are shown below:

Table 3: Descriptive Statistics

	Mean	**Std. Deviation**	**N**
Loyalty	3.67	.88569	422
ET1	3.68	1.018	422
ET2	3.53	1.019	422
ET3	3.72	.961	422
ET4	3.59	1.034	422
ET5	3.79	1.053	422
ET6	3.80	.984	422
ET7	3.89	.950	422
ET8	3.65	1.053	422

The statement that the bank is trustworthy in its operations (ET7) was give highest mean score of 3.89 followed by item ET7- the bank is ethical in its operations with a mean score of 3.8 on a 5-point scale. The following Table 4 shows correlations

Table 4: Correlations

		Loyalty	ET1	ET2	ET3	ET4	ET5	ET6	ET7	ET8
Pearson Correlation	Loyalty	1.000	.566	.584	.591	.621	.597	.648	.670	.658
	ET1	.566	1.000	.753	.680	.633	.502	.621	.653	.646
	ET2	.584	.753	1.000	.736	.700	.550	.680	.687	.668
	ET3	.591	.680	.736	1.000	.781	.648	.706	.757	.669
	ET4	.621	.633	.700	.781	1.000	.602	.694	.670	.672
	ET5	.597	.502	.550	.648	.602	1.000	.804	.777	.650
	ET6	.648	.621	.680	.706	.694	.804	1.000	.861	.760
	ET7	.670	.653	.687	.757	.670	.777	.861	1.000	.759
	ET8	.658	.646	.668	.669	.672	.650	.760	.759	1.000
Sig. (1-tailed)	Loyalty	.	.000	.000	.000	.000	.000	.000	.000	.000

	ET1	.000	.	.000	.000	.000	.000	.000	.000	.000
	ET2	.000	.000	.	.000	.000	.000	.000	.000	.000
	ET3	.000	.000	.000	.	.000	.000	.000	.000	.000
	ET4	.000	.000	.000	.000	.	.000	.000	.000	.000
	ET5	.000	.000	.000	.000	.000	.	.000	.000	.000
	ET6	.000	.000	.000	.000	.000	.000	.	.000	.000
	ET7	.000	.000	.000	.000	.000	.000	.000	.	.000
	ET8	.000	.000	.000	.000	.000	.000	.000	.000	.
	Loyalty	422	422	422	422	422	422	422	422	422
	ET1	422	422	422	422	422	422	422	422	422
	ET2	422	422	422	422	422	422	422	422	422
	ET3	422	422	422	422	422	422	422	422	422
	ET4	422	422	422	422	422	422	422	422	422
	ET5	422	422	422	422	422	422	422	422	422
	ET6	422	422	422	422	422	422	422	422	422
	ET7	422	422	422	422	422	422	422	422	422
N	ET8	422	422	422	422	422	422	422	422	422

Correlation matrix shows strong correlation between all the items under independent construct- PET and dependent construct- CLY, showing statistical significance of 99 percent. The correlation matrix indicates a strong positive relationship between customer loyalty and the various dimensions of perceived ethics and transparency (ET1 to ET8). Especially, the correlation coefficients range from 0.566 to 0.670, with all correlations reaching statistical significance at the 0.01 level. This suggests that greater the perceptions of ethics and transparency, higher the customer loyalty, aligning with findings from Khan et al. (2020) and Lee & Choi (2021), who emphasised the significant role of ethical standards in fostering customer loyalty in the banking sector.

Regression Model Summary

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.670[a]	.448	.447	.65860	.448	341.386	1	420	.000
2	.708[b]	.502	.500	.62656	.054	45.055	1	419	.000
3	.727[c]	.528	.525	.61069	.026	23.049	1	418	.000
4	.730[d]	.532	.528	.60850	.005	4.026	1	417	.045
5	.733[e]	.537	.532	.60607	.005	4.350	1	416	.038

a. Predictors: (Constant), ET7
b. Predictors: (Constant), ET7, ET4
c. Predictors: (Constant), ET7, ET4, ET8
d. Predictors: (Constant), ET7, ET4, ET8, ET5
e. Predictors: (Constant), ET7, ET4, ET8, ET5, ET1

ANOVA[a]

Model	Sum of Squares	df	Mean Square	F	Sig.

1	Regression	148.077	1	148.077	341.386	.000[b]
	Residual	182.176	420	.434		
	Total	330.253	421			
2	Regression	165.764	2	82.882	211.126	.000[c]
	Residual	164.488	419	.393		
	Total	330.253	421			
3	Regression	174.361	3	58.120	155.840	.000[d]
	Residual	155.892	418	.373		
	Total	330.253	421			
4	Regression	175.851	4	43.963	118.733	.000[e]
	Residual	154.401	417	.370		
	Total	330.253	421			
5	Regression	177.449	5	35.490	96.619	.000[f]
	Residual	152.803	416	.367		
	Total	330.253	421			

a. Dependent Variable: Loyalty
b. Predictors: (Constant), ET7
c. Predictors: (Constant), ET7, ET4
d. Predictors: (Constant), ET7, ET4, ET8
e. Predictors: (Constant), ET7, ET4, ET8, ET5
f. Predictors: (Constant), ET7, ET4, ET8, ET5, ET1

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.243	.135		9.192	.000
	ET7	.624	.034	.670	18.477	.000
2	(Constant)	1.041	.132		7.872	.000
	ET7	.430	.043	.461	9.916	.000
	ET4	.267	.040	.312	6.712	.000
3	(Constant)	1.008	.129		7.812	.000
	ET7	.292	.051	.313	5.722	.000
	ET4	.200	.041	.234	4.863	.000
	ET8	.221	.046	.263	4.801	.000
4	(Constant)	.979	.129		7.569	.000
	ET7	.229	.060	.245	3.816	.000
	ET4	.189	.041	.221	4.571	.000
	ET8	.213	.046	.253	4.606	.000
	ET5	.092	.046	.109	2.006	.045
5	(Constant)	.919	.132		6.959	.000
	ET7	.196	.062	.210	3.180	.002
	ET4	.164	.043	.191	3.808	.000
	ET8	.191	.047	.227	4.044	.000

	ET 5	.101	.046	.120	2.212	.027
	ET 1	.088	.042	.101	2.086	.038
a. Dependent Variable: Loyalty						

Correlation test in Table 4 shows a strong association between independent and dependent variables. Linear Regression (step wise method) test was done for model building. Stepwise regression is a method that iteratively examines the statistical significance of each item in the independent construct in a linear regression model (Rani, N. M., & Catherine, S., 2023). The output showed a strong influence of predictor- PET on the outcome variable-CLY. Model 5 from table 5 shows that out of 8 items under the construct of perceived ethics and transparency, 5 itesms-ET7, ET4, ET8, ET5 and ET1 having significant influence on customer loyalty to the tune of 54 percent (as shown in adjusted R^2 values of .537). The regression model summary presented in Table 5 reveals a progressive increase in the model's explanatory power with the addition of predictors. Initially, the model with one predictor (ET7) shows an R2R^2R2 of 0.448, indicating that approximately 44.8% of the variance in CLY can be explained by PET. Adding additional predictors (ET4, ET8, ET5, and ET1) increased the R2R^2R2 value to 0.537 in the final model, suggesting that 53.7% of the variance in CLY can be explained by these combined factors. The significant F-values across all models indicate that the predictors collectively provide a statistically significant contribution to explaining variations in loyalty ($p < 0.001$).

The ANOVA results further support the regression findings, with each model exhibiting a significant F-statistic, confirming the overall effectiveness of the regression models in predicting customer loyalty. The first model has an F-value of 341.386, and subsequent models also demonstrate substantial F-values, indicating that the inclusion of additional predictors significantly improves the model fit (all p-values < 0.001). The coefficients table illustrates the impact of each item under independent construct on customer loyalty. In the final model, ET7 maintains the highest standardized coefficient ($\beta = 0.210$), followed by ET8 ($\beta = 0.227$) and ET4 ($\beta = 0.191$), signifying their strong positive influence on loyalty. The significant p-values (< 0.05) for all predictors suggest that each has a statistically significant effect on customer loyalty. For instance, the coefficient for ET1 is 0.088 ($p = 0.038$), indicating its role in enhancing loyalty even though its effect is comparatively lower than the other predictors.

DISCUSSION

It is apparent that the banking sector plays a crucial role in the financial services industry, which in turn has a far-reaching impact on the economic growth of India. Statements like "I say positive things about the bank to other people" and "I take the initiative to actively promote my bank" focus on word-of-mouth (WOM) and advocacy behavior. Here, customers become promoters of the brand, which can significantly impact brand equity. Bennett, R., & Rundle-Thiele, S. (2005) discussed the influence of brand loyalty on customer advocacy behaviors, including WOM and promotional activities. In the banking sector, East et al. (2008) noted that customer recommendations are a significant source of new client acquisition. Empirical studies, such as those by Chaudhuri and Holbrook (2001), demonstrate how familiarity and perceived value lead customers to prefer their bank even if others offer similar features. Research suggests that positive word of mouth is critical for reputation and customer acquisition, especially in trust-based industries like banking (Ranaweera & Prabhu, 2003). Gremler and Brown (1996) discussed customer loyalty as a behavior including repeat patronage, recommendations, and influence over others. Bagozzi (1992) emphasised the importance of behavioral intentions in brand loyalty, where customers not only choose a brand but also attempt to persuade others. In banking, brand advocacy behavior is especially valued for building trust and brand image (Brown et al., 2005). A study by González et al. (2021) highlights that banks perceived as ethical see higher customer loyalty and willingness to recommend their services to others, thereby enhancing brand equity. Chatzopoulou and Vasileiou (2022) found that transparency in fee structures and financial disclosures is associated with increased customer trust, leading to enhanced brand equity. Sadiq et al. (2023) established that customers are not only inclined to continue using a bank's services when they perceive high ethical standards and transparency, but they also actively promote the bank to their networks, thus enhancing brand equity. Khan et al. (2020) asserted that in an industry rife with scepticism, banks that proactively communicate their ethical standards and transparent practices can gain a competitive advantage.

CONCLUSION

The present study provides significant insights as to the association between perceived ethics and transparency in the services provided by the banks and customer loyalty. As the banks are operating in an increasingly challenging and competitive environment, understanding customer pulse will help the banks to design and deliver their services more effectively. The study shows that the customers look for not just monetary benefits and transactional convenience, but do care to know and appreciate whether bank is ethical and transparent in the conduct of its business. Parasuraman, A., et al (1985) suggested that respect and fairness are critical aspects of customer perceptions of service quality. In banking, respectful treatment is essential for fostering a sense of fairness and loyalty among customers. The study provides an evidence that perceived ethics and transparency are crucial drivers of brand equity in the banking sector. By fostering trust and building strong customer relationships, banks can enhance their brand equity, ensuring long-term success and customer loyalty in an increasingly competitive environment. As consumers continue to demand higher ethical standards and transparency, banks must prioritize these values to strengthen their market positions. Overall, the regression analysis reveals a robust relationship between perceived ethics and transparency factors and customer loyalty in the banking sector. The combination of these factors can significantly enhance brand equity by fostering greater customer trust and satisfaction. These findings align with previous research emphasizing the importance of ethical practices and transparency in driving customer loyalty (Khan et al., 2020; Lee & Choi, 2021).

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