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Customer Trust and Loyalty in Nepali Commercial Banks: A PLS-SEM Analysis Approach

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Abstract

Background: This study aims to investigate the customer trust on customer loyalty in commercial banks in Nepal. It assesses how commitment and customer intimacy assist as an intervening role in the relationship between trust and customer loyalty.

Methods: This study used a positivist quantitative in nature with a causal-explanatory design to investigate the influences of trust on customer loyalty. The method of analysis was undertaken through PLS-SEM using the Smart-PLS version 3.0.

Results: The study revealed that customer trust a positive significant influences on commitment, intimacy, and customer loyalty. Both commitment and customer intimacy positively significant impact on customer loyalty in Nepali commercial banks customer using mediation analysis.

Conclusion: The customer trust influence on customer loyalty among the customers of Nepali commercial banks both direct relationship and indirect through customer commitment and customer intimacy. Customer trust enhances customers confidence in the reliability, transparency and integrity of commercial banks. The implications of the study that enhancing trust, transparency, and personalized engagement strengthens customer loyalty in Nepali commercial banks.

Novelty: This study distinctly examines the simultaneous mediating effects of customer commitment and customer intimacy in the relationship between customer trust and customer loyalty within Nepali commercial banks. In addition to, it extends relationship marketing theory by demonstrating how customer trust enhances customer loyalty through both relational and emotional pathways in an emerging economy context.

Keywords: Customer commitment, customer trust, intimacy, loyalty, PLS-SEM approach
JEL Classification: M31, G21, L84

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Introduction

The study examines the impact of customer trust on customer loyalty in Nepali commercial banks. It assesses how customer commitment and intimacy assist as an intervening role in the relationship between trust and loyalty in the Nepali commercial banks. Customer trust is an energetic and multi-faceted thought (Dimitriadies et al., 2011; Flavian et al., 2005). Customer trust can be perceived as a representation of honesty, confidence, integrity, impartiality, fairness amongst social beings, and moral standards and principles that are familiar to enhance the business relationship between commercial banks and banking customers (Sauer, 2002). Customer loyalty refers to a consumer's pledge to buyback a chosen product and service gradually in the upcoming (Amin et al., 2013). Loyalty is well-defined as an attitude and an achievement (Baumann et al., 2011). Customer loyalty is a multidimensional construct that integrates both behavioral consistency and attitudinal commitment in commercial banks. It is not merely repeat transactions but a deeper relational bond that enhances customer lifetime value and supports sustained competitive advantage (Adhikari et al., 2025; Marshall, 2010). Customer intimacy is a complex concept and is composed of caring, knowledge, customer commitment, mutuality, trust, and interrelatedness (Ben-Ari & Lavee, 2007; Rokach & Philibert- Lignieres, 2015). "Customer intimacy can have an impact on the level of relationship commitment, repurchase intentions, and word-of-mouth (WOM) customer discussions, and it can lead to advisory status with customers" (Lestari, 2025, p. 5). Wijaya et al. (2023) investigated that religiosity statistically significant influences both customer trust and loyalty. However, religiosity does not have a meaningful influence on customer satisfaction. In addition, the results revealed that customer trust significant influence on customer satisfaction. Furthermore, this study analyzed that customer satisfaction does not have a significant impact on customer loyalty. Ghimire et al. (2021) investigated that service quality has a positive and statistically significant influence on customer satisfaction and loyalty. However, customer satisfaction revealed that a partially mediates between customer loyalty and customer service quality in Nepali commercial banks. Subedi and Bhandari (2024) demonstrated that there was a positive significant relationship between trust, service quality and customer loyalty. As a result, the higher customer service quality highlighted to greater customer loyalty and customer service quality in Nepali commercial banks in the study period. However, customer trust revealed that partial mediation influences the relationship between customer service quality and customer loyalty. Albaity and Rahman (2021) investigated that customer loyalty were a positive statistically significant mediating relationships of customer trust and their attitude. However, customer satisfaction and religious obligation indirectly foster customer loyalty by influencing customer trust and influential customers' attitudes toward Islamic banks. Upadhaya and Chaudhary (2025) found that among corporate social responsibility dimensions, customer-related and societal factors have a positive statistically significant influence on customer trust and loyalty in commercial banks. Haron et al. (2020) revealed that there was a positive association between PAKSERV dimensions of customer service quality, customer satisfaction and customer loyalty. Furthermore, the mediating role of customer trust on customer loyalty.

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The purpose of the study was to investigate the customer trust on customer loyalty in Nepali commercial banks using mediation roles of customer commitment and intimacy. Although, previous studies have examined the relationship between customer trust and loyalty in the banking industry. A limited study has explored the intervening roles that explain how customer trust influences customer loyalty in Nepali commercial banks. Previous studies have mainly focused on factors such as customer satisfaction, service quality, and brand image. However, the mediating roles of customer commitment and customer intimacy have received relatively limited empirical studies. Hence , this study efforts to fill research gap by investigating the mediating roles of commitment and customer intimacy in the relationship between customer trust and loyalty. The specific objectives of the study were to examine the demographical profiles of customers, the direct relationship between customer trust and customer loyalty, and the mediating effect by customer commitment and customer intimacy between trust and customer loyalty in Nepali commercial banks.

Rhamdhani and Riptiono (2023) investigated that customer trust, and customer intimacy a positive statistically significant on customer commitment and customer loyalty toward their services. Similarly, Albarq (2023) investigated that customer trust statistically significant influences on customer loyalty and is positively influence by customer knowledge management and customer satisfaction. Moreover, the relationships between customer knowledge management, customer satisfaction and loyalty was partially mediated by customer trust.

H1: Customer trust is positively related to customer commitment.

Tabrani et al. (2018) found that customer trust is significantly associated with both commitment and customer intimacy. Nevertheless, it does have an indirect significant relationship with customer loyalty. However, commitment and customer intimacy are significantly related to customer loyalty. Faraskey et al. (2024) found that both customer trust and customer intimacy have a positive significant influence on customer loyalty.

H2: Customer trust is positively related to customer intimacy.

Ali et al. (2014) demonstrated that service quality, customer trust and commercial banks reputation were a positive statistically significant influences on customer's loyalty in Pakistan. Yap et al. (2012) investigated that customer service quality and effective grievance handling enhance customer satisfaction. Furthermore, customer trust and positive significant on loyalty. Therefore, customer satisfaction as a key factor influencing customer trust. Osei (2017) found that customer trust has a positive significant relationship with customer loyalty.

H3: Customer trust is positively related to customer loyalty.

Customer trust, customer intimacy, service quality, and customer commitment are important determinants of customer loyalty in business and banking industry. Previous studies have shown that customer trust positively and statistically significant influences customer loyalty and mediates the relationship between service quality and customer loyalty (Wahyudi & Ruswanti, 2021). Similarly , customer intimacy has positively influence on customer trust and indirectly contributes to customer loyalty (Putri, 2021). In addition to, service quality and

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customer commitment have been found to positively and statically significant influence customer loyalty (Shafiq et al., 2023).

H4: Customer commitment is positively related to customer loyalty.

H5: Customer intimacy is positively related to customer loyalty.

Redda and Deventer (2023) investigated that customer trust and commitment serve as main determinants of customer loyalty in the retail banking sector. The mediation analysis established that service quality has a positive and statistically significant influence on customer loyalty. Furthermore, the indirect result of service quality on customer loyalty through customer trust and customer commitment was positive and statistically significant. As a result, there was mediating role by customer trust and customer loyalty. Similarly, Quddoos et al. (2021) examined that higher customer trust statistically significant strengthens customer commitment, customer intimacy, and customer loyalty. Commitment and intimacy mediate these relationships. It means that increased customer trust increases customer intimacy, commitment, loyalty, and sustained customer relationships with Islamic banks.

H6: The relationship between customer trust and customer loyalty is mediated by customer commitment.

H7: The relationship between customer trust and customer loyalty is mediated by customer intimacy.

Literature Review

The theoretical underpinning of the study is primarily in relationship marketing theory which emphasizes the development of long- term customer firm relationships through customer trust and commitment. Within this framework, customer trust is considered as a key antecedent of customer loyalty as trust reduces perceived risk. Further, the study incorporates theory of relationship marketing (Morgan & Hunt, 1994) examined that trust and customer commitment are mediators between customer trust and customer loyalty. In addition to, customer intimacy extends the relational perspective by the emotional and personalized between customers and commercial banks aligned with social exchange theory. In the context of commercial banks, when customers perceive reliable service, fairness, and personalized interactions. They develop trust which strengthens commitment and customer intimacy ultimately leading to long- term customer loyalty (Cropanzano & Mitchell, 2005). Morgan and Hunt (1994) examined that relationship between customer commitment and trust serve as mediating variables. Zeithaml et al. (1996) found that one can degree trustworthiness by observing the number of customers who remain to purchase from the Corporation due to the positive attitude its products and services create for them. Batool et al. (2023) investigated that there was a positive relationship between customer perceived ethically and customer loyalty. Furthermore, customer loyalty (CL) illustrates that a positive significant relationship with customer word of mouth (CWOM). Verawaty (2023) investigated that partial communication, attention, and relationships have a positive significant influence on customer loyalty through customer intimacy. Amin et al. (2013) investigated that customer satisfaction is significantly related to image, image is

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significantly related to trust, and trust is significantly related to customer loyalty for both customer segments. Almana et al. (2017) found that there was a positive significant of customer trust, customer commitment on customer loyalty. In contrast, Madjid (2015) argue that trust and commitment primarily influence customer satisfaction on customer satisfaction It means that an indirect pathway to customer loyalty. However, Yar et al. (2019) examined that customer trust as an intervening variable between service quality and commitment. Commitment and customer intimacy were selected as mediators based on the commitment-trust theory of relationship marketing which explains that customer trust influences loyalty through relational bonds. Subedi and Bhandari (2024) found that service quality enhances customer loyalty through the mediating effect of customer trust, customers are more likely to remain customer loyalty when they perceive banks as reliable and trustworthy. Similarly, Danuwar et al. (2025) claimed that external corporate social responsibility (CSR) initiatives strengthen customer loyalty by improving trust, reputation, and satisfaction among customers. Furthermore, Joshi (2023) found that service quality significantly influences customer satisfaction, which subsequently leads to greater customer loyalty in Nepalese banks. Mishra (2022) showed that customer satisfaction positively affects loyalty, while effective corporate communication further strengthens this relationship. These studies suggest that trust, satisfaction, service quality, social identity, and communication are important antecedents of customer loyalty in Nepal; however, the mediating roles of customer commitment and customer intimacy.

Methods

This study was based on positivist research paradigm. It adopted a deductive research approach. The study adopts a quantitative, and causal-explanatory research design to examine the relationships among customer trust, commitment, intimacy and loyalty.in Nepali commercial banks. Furthermore, mediation analysis used to test roles of customer commitment and intimacy between the relationship with customer trust and loyalty. According to the Nepal Rastra Bank (NRB), there are 20 commercial banks operating in Nepal. The target population comprised all individual customers of commercial banks in Nepal. A two-stage sampling technique was employed in this study. In the first stage, commercial banks were selected using proportionate stratified random sampling from the list of commercial banks regulated by NRB (Public, private and joint venture banks). In the second stage, customers of the selected banks were chosen using convenience sampling method. The sample size used 384 respondents from selected commercial banks. Since this method was adopted due to the lack of a complete sampling frame (Bornstein et al., 2013). A sample of 384 customers was determined using Cochran’s formula for finite population with 95 percent confidence level and 5 percent as a margin of error. The researcher were distributed 450 questionnaires through respondents' available channels via email, messenger, and WhatsApp using Google Forms. Out of these, 405 responses were received yielding as a response rate of 90 percent. However, 21 responses were excluded due to incompleteness. Therefore, 384 valid responses were used for final data

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analysis which represents a usable response rate of 85.3 percent. The relatively high usable response rate of 85.3 percent and the absence of systematic difference in incomplete responses. However, the 10 percent were categorized as non-response rate while five point two percent unusable responses were examined to ensure that incomplete information random in nature. Since there is no evidence of systematic pattern in incomplete responses, the risk of non-response bias is minimal. This study used a cross sectional survey due to its usefulness in addressing feelings from respondents at a point of time period, cheap and appropriateness for large sample size (Rindfleisch et al., 2008). Data collection was undertaken from April 2025 to June 2025. A self-administered questionnaire in English language was used. The researcher used validated scales to measure the latent constructs. The five statements for measuring customer intimacy were taken from Brock and Zhou (2012) and Bugel et al. (2011). Similarly, based on the prior studies in the commercial banks, the four statements for measuring customer commitment were undertaken from Brock and Zhou (2012), Bugel et al. (2011), Sumaedi et al. (2015) and Verhoef et al. (2002). In addition, the four statements of customer trust were adapted from Amin et al. (2013) and Sumaedi et al. (2015). Four statements measuring customer loyalty in this study were adapted from Amin et al. (2013) and Zeithaml et al. (1996). The selection of measurement items in this study is strong theoretical foundations and prior empirical validation in customer relationship and banking system. Using previously validated items enhances content validity, comparability with previous studies, and improves the reliability and robustness of the measurement model. Furthermore, adapting these measurement items to the context of commercial banks in Nepal. It ensures contextual relevance while preserving their underlying theoretical consistency. There were considering number of constructs, indicators, and model complexity, sample size fulfills requirements of PLS- SEM (Hair et al., 2014). Furthermore, a seven -point Likert scale ranging from "1 = strongly disagree" to "7 = strongly agree" was used to measure each construct as instrumentation of data collection along with demographic and institutional information of customers. Data were analyzed using frequency of demographics and institutional information. Cronbach's alpha (≥ 0.70) used for reliability test of each construct. Average variance extracted (AVE) and Fornell- Larcker criterion were used for convergent and discriminant validity of each construct. Furthermore, SEM was used to test direct relationship and mediating relationship (bootstrapping approach) by using Smart-PLS version 3.0 software developed by GmbH company, Bonningstedt, Germany. The model is a well-established approach used to analyze complex relationships between exogenous and endogenous latent variables (Gudergan et al., 2008). PLS-SEM was employed due to its suitability for predictive analysis, ability to handle complex mediation models, robustness with small sample size, and violating of data normality assumptions (Hair et al., 2014). It is particularly appropriate for examining latent constructs such as customer trust, commitment, intimacy and loyalty in the context of Nepali commercial banks. The structural model explanatory and predictive power was further measured through coefficient of determination (R^2), effect size (f^2), and predictive relevance (Q^2) and the overall goodness-of-fit of structural model was measured using the standardized root mean square residual (SRMR). The researcher used ethical considerations to ensure data confidentiality, anonymity, voluntary participation,

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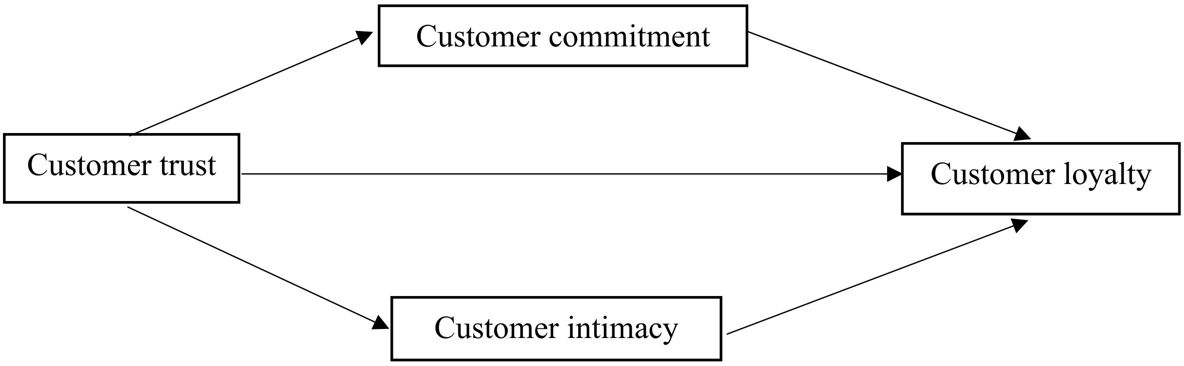
and informed consent. The conceptual framework was presented as an explanation of the hypothesized relationships.

Conceptual Framework



Results

The demographic and institutional characteristics of commercial banks customers who participated in the field survey. Out of the 384 respondents, 193 were male and 191 were female. This indicates that there was approximate equal gender distribution among the respondents. Similarly, based on the type of bank, the majority of customer (237) were private banks followed by 125 from government banks and 22 customers from joint venture banks. This suggests that most of the respondents have greater involved with private commercial banks in Nepal. Based on the academic qualifications, 176 had a bachelor's degree, 171 had a master's degree or higher level while 37 respondents had completed education up to the intermediate, +2 or SLC/SEE level. As a result, the majority of respondents were well educated in Nepali commercial banks. Regarding to age, 254 of the respondents were below 30 years, 62 respondents were between 30 and 40 years while 68 respondents were above 40 years. Therefore, there were young adult customers of commercial banks in Nepal. Based on marital status 230 were unmarried, 151 were married and only three were divorce/widow customers of Nepali commercial banks.

Table 1

Reliability and Validity

Constructs	Indicators	M	SD	λ	α	CR	AVE	VIF
Customer trust (CT)	Banks are really concerned with ethics (CT1)	4.477	1.529	.861	.907	.935	.781	2.373
	I have self-assurance in that deposits in banks are safe.(CT2)	4.732	1.594	.879				2.688
	I trust the products and services accessible are trustworthy(CT3)	4.456	1.491	.902				3.117

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	I believe banks keep their promises (CT4)	4.362	1.548	.894				2.775
Customer commitment (CC)	I am committed to stay in relationship with my bank. (CC1)	4.518	1.514	.890	.878	.925	.803	2.239
	I feel strong part (personal emotions) with my bank (CC2)	3.872	1.504	.874				2.359
	I feel strong wisdom of belonging (banks environment) with my bank (CC3)	4.034	1.438	.924				3.007
Customer intimacy (CI)	I have an intimate affiliation with my bank(CI1)	4.159	1.662	.807	.914	.936	.745	2.158
	I attach much worth to my bank (CI2)	4.078	1.432	.869				2.796
	I have good thoughtful with my bank (CI3)	4.404	1.437	.874				2.743
	I am fascinated with my bank(CI4)	4.076	1.424	.890				3.508
	I am very excited about my bank (CI5)	4.086	1.479	.874				3.287
Customer loyalty (CL)	I always speak positive things about my bank (CL1)	4.167	1.506	.880	.924	.946	.814	2.821
	I recommend my bank to others (CL2)	4.427	1.491	.922				3.728
	I feel attached with my bank (CL3)	4.203	1.517	.911				3.421
	I will always remain with my bank (CL4)	4.109	1.584	.895				3.051

Note. M: mean; SD: standard deviation; λ:factor loading; α: Cronbach's alpha; CR: composite reliability; AVE: average variance extracted indicators; VIF: variance inflation factor.

Table 1 illustrates that the results of the measurement model assessment. It includes the mean (M), standard deviation (SD), factor loadings (λ), Cronbach's alpha (α), composite reliability (CR), average variance extracted (AVE) and variance inflation factor (VIF) for all constructs of the study. The mean (M) values for all measurement items ranged between 3.698 and 4.732. It means that respondents agreed with the statements related to customer trust, commitment, intimacy, and loyalty. Similarly, the standard deviations (SD) ranged from 1.424 to 1.692. As

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a result, it means that there was moderate variability in customers perceptions. All constructs of the study showed high internal consistency reliability. Cronbach's alpha (α) values ranged from 0.807 to 0.924, which were greater than the acceptable threshold of 0.70 (Hair et al., 2021). It means that the items within each construct were internally consistent. Similarly, composite reliability (CR) values ranged from 0.876 to 0.946. It was greater than 0.70. Therefore, it means that each construct demonstrated strong composite reliability. Convergent validity was verified by standardized factor loadings (λ) and the average variance extracted (AVE). All items had factor loadings above 0.70. It means that the items strongly represent their respective latent constructs. Similarly, the AVE values ranged from 0.649 to 0.814 which were greater than the threshold of 0.50 (Fornell & Larcker, 1981). Furthermore, the variance inflation factor (VIF) for all indicators lies between 2.158 and 3.728 which are below the benchmark value of 5.0 (Hair et al., 2021). Therefore, there was the absence of multicollinearity among the indicators. The measurement model demonstrates sound reliability, convergent validity and no multicollinearity. Therefore, the constructs customer trust, customer commitment, customer intimacy and customer loyalty were statistically sound and suitable for further structural model analysis. Initially, the measurement model consisted of 17 items representing four latent constructs. Indicators with low factor loadings were removed in the revised model specification. The model was re-estimated repeatedly until all factor loadings were significant and exceed the threshold of 0.60 (Hair et al., 2019). Ultimately, one item with an insignificant loading was dropped, resulting in a final measurement model comprising 16 items.

Table 2

Discriminant Validity (Fornell and Larcker Criterion)

Constructs	M	SD	CC	CI	CL	CT
CC	4.141	1.485	***0.896***	0.861	0.821	0.815
CI	4.161	1.487	0.774	***0.863***	0.869	0.781
CL	4.227	1.525	0.742	0.801	***0.902***	0.785
CT	4.507	1.541	0.733	0.712	0.722	***0.884***

Note. Lower off-diagonal values are inter-construct correlations. Bold faced and italicized diagonal values are square roots of AVE. Upper off-diagonal elements are HTMT values.

Table 2 illustrates that the assessment of discriminant validity using the Fornell and Larcker criterion (1981) and the HTMT method were used. Discriminant validity was analyzed to assess singularity of a latent constructs from additional constructs in the measurement model that ensured that each latent construct measures their own meanings. According to the Fornell–Larcker criterion, the square root of the average variance extracted (AVE) of each construct should be greater than its correlations with additional constructs. The diagonal values for each construct customer commitment, customer intimacy, customer loyalty and customer trust are higher than their corresponding inter-construct correlations in the same row and column in the study. Hence, Fornell–Larcker criterion is satisfied for discriminant validity. The upper off-diagonal values represent the HTMT ratios, which illustrated good discriminant validity.

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Henseler et al. (2015), HTMT value 0.90 show acceptable discriminant validity. In the study, all HTMT values lies below 0.90. As a result, discriminant validity was found.

Table 3

Results of Structural Model Path Coefficients (Direct Relationship)

Hypotheses	Relationship	β	SE	t-value	P-value	f2 Effect size	Decision
H1	CT → CC	0.733	0.030	24.421	*P* <.001	1.161	Supported
H2	CT → CI	0.712	0.031	23.081	*P* <.001	1.027	Supported
H3	CT → CL	0.234	0.062	3.797	*P* <.001	0.075	Supported
H4	CC → CL	0.199	0.056	3.544	*P* <.001	0.044	Supported
H5	CI → CL	0.480	0.059	8.099	*P* <.001	0.275	Supported

R-squared (CC = 0.537, CI =0.507 and CL = 0.701)

Note. N= 384, Bootstrap samples = 5000 confidence interval bias corrected accelerated (BCa) method.

Table 3 illustrates that the results of the structural model path coefficients analysis. It included that direct relationship illustrates that evidence the hypothesized direct relationships among the latent constructs. The researcher found that there was positive and highly significant relationship between the customer trust and customer commitment. Therefore, there was a high level of customer trust enhances customer commitment. Therefore, H1 was supported by this path. Similarly, the relationship between customer trust and customer intimacy has strong positive and significant . Therefore, customer trust plays vital role closer and personal relationships with customer intimacy. Hence, H2 was supported by this relationship. The influence of customer trust on customer loyalty was positive and weaker significant relationship . H3 was supported by this relationship. Customer trust contributes to customer loyalty and its effect partially mediated by customer commitment and customer intimacy. Furthermore, customer commitment was found to have a positive but weak yet significant impact on customer loyalty. Therefore, the customer committed likely to remain to the Nepali commercial banks. H4 was supported by this path relationship. Furthermore, customer intimacy demonstrated a positive significant and moderately strong influence on customer loyalty. H5 was supported by this path. As a result, there was close relationship between customer intimacy and customer loyalty. The R^2 values for the endogenous constructs were explained 53.7 percent, 50.7 percent, and 70.1 percent of the variance in customer commitment, customer intimacy, and customer loyalty respectively. The f^2 effect size indicate that customer trust has a very large result on customer commitment and customer intimacy, while its impact on customer loyalty is small. Similarly, customer commitment shows a small effect on loyalty, whereas customer intimacy demonstrates a moderate effect that customer intimacy contributes more substantially to enhancing customer loyalty in Nepali commercial banks. The blindfolding procedure was used to test predictive relevance. Hair et al. (2017) state that a Q^2 value of 0.02 suggests weak predictive relevance, 0.15 suggests a moderate degree of predictive relevance and 0.35 suggests a strong degree of relevance in prediction. The Q^2 value exceeds

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0.35 on customer commitment (0.574), customer intimacy(0.610) , customer loyalty (0.670) and customer trust (0.618) which, indicates that the model has a high predictive relevance to the endogenous construct. According to Hair et al. (2020), the value of SRMR should be less than 0.08 to be an acceptable model fit. However, SRMR values up to 0.10 can be acceptable, especially in complex models, provided the R-squared values are within their expected thresholds (Hair et al., 2017). The value for SRMR for this study is below for both the saturated test (0.048)and estimated test (0.086) implying that the model fits the data well. In the study, the saturated model yielded an NFI (The Normed Fit Index) value of 0.893 whereas the estimated model produced a slightly lower value of 0.882. Although, both values lies marginally below the threshold of 0.90 (Hair et al., 2019), they are sufficiently close to suggest that the model fit.

Table 4

Results of Mediation Analysis

Total effects		Direct effects			Indirect effects				Decision
β	t- value	*β*	t-value	P-value	Hypotheses	*β*	t- value	p-value	
0.380	25.061	0.234	21.621	*P*<.001	H6:	0.146	3.440	*P*<.001	Supported
0.576	25.061	0.234	17.695	*P*<.001	H7:	0.342	7.366	*P*<.001	Supported

Note. β **:** standardized coefficients **;** p- values are reported at < .001 significance level.

Table 4 illustrates that customer commitment and customer intimacy partially mediate the relationship between customer trust and customer loyalty. The customer trust and customer loyalty were a positive significant path mediated/ indirect effect by customer commitment. H6 was supported by this path. Furthermore, the indirect effect/ mediated by customer intimacy between customer trust and customer loyalty with a positive significant. Therefore, customer trust enhances both directly and indirectly effect through customer commitment and customer intimacy relationship in Nepali commercial banks.

Discussion

The study examined the impact of customer trust on customer loyalty in Nepali commercial banks and the mediating roles of customer commitment and customer intimacy. The analysis was performed using the PLS-SEM approach, which reveal that all hypothesized relationships were supported. The study established that customer trust strongly influences customer commitment and customer intimacy. It means that there was customer trust good relationship among the Nepali commercial banks. This finding was consistent with the commitment–trust theory of relationship marketing (Morgan & Hunt, 1994). As a result, the customer commitment and customer intimacy were mediators in the relationship between customer trust and loyalty. Customer trust in the reliability, transparency, and ethical conduct of commercial banks enhances both their commitment and customer intimacy which lead financial confidence

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and interpersonal credibility in Nepali commercial banks. The finding revealed that the customer trust has a positive significant result on customer commitment, customer intimacy and customer loyalty consistent with previous research (Tabrani et al., 2018; Albarq, 2023; Osei, 2017). Therefore, the results confirmed that customer trust as the foundation pillars of long - term customer relationships and customer commitment and human emotional nearness, mutual understanding, and two-way communication between the commercial bank and their customers that eventually led to customer loyalty. From theoretical perspective, this confirmed with social exchange theory which suggests that the relationships are sustained when perceived benefits and costs. Customer trust acts as the foundation that enables positive exchanges leading to customer commitment, intimacy and loyalty (Cropanzano & Mitchell,2005). The study found that a positive however relatively weaker direct relationship between customer trust and loyalty. This means that customer trust contributes directly relationship to customer loyalty. It is partially mediated through customer commitment and customer intimacy. This finding is consistent with the Albarq (2023), Haron et al. (2020), and Osei (2017) found that customer trust significantly influences with customer loyalty in the presence of customer commitment as a mediator. The mediation analysis confirmed that customer commitment and intimacy moderately mediate the relationship between customer trust and loyalty. The relationship between customer trust and customer loyalty is enhanced by customer intimacy and commitment (Putri, 2021; Quddoos et al., 2021; Tabrani et al., 2018). The results showed that customer commitment and customer intimacy have significant positive effects on customer loyalty. These findings of the study consistent with studies by (Faraskey et al., 2024; Madjid, 2015; Redda & Deventer ,2023). Therefore, customer commitment and customer intimacy act as relationship which transform customer trust into behavioral customer loyalty in Nepali commercial banks. The study found that customer intimacy employed a strong positive influence on customer loyalty. This suggests that closer, more personalized relationships lead to higher customer loyalty. This result consistent with (Lestari ,2025; Verawaty.,2023). They were highlighted that interpersonal communication and emotional closeness improve customer loyalty through customer intimacy in Nepali commercial banks.

Conclusion and Implications

This study investigated that the influence of customer trust on customer loyalty in Nepali commercial banks incorporating customer commitment and customer intimacy as a mediating variable role using PLS-SEM approach. The study concludes that customer trust plays vital role influence on customer loyalty among the customers of Nepali commercial banks both direct relationship and indirect through customer commitment and customer intimacy. Customer trust enhances customers confidence in the reliability, transparency and integrity of commercial banks. It leads to greater customer commitment and closer relationship which in turn to promote the sustained customer loyalty in commercial banks. The findings suggest that customer commitment and intimacy moderately mediate the relationship between customer trust and customer loyalty. Furthermore, there could be contribute to established marketing literature by empirically validating the mediating relationship of customer commitment and customer intimacy in the commercial banks of an emerging economy. This study supports the commitment–trust theory of relationship marketing and social exchange theory in the context of Nepali commercial banks. Commercial banks emphasized transparent communication, reliability in service delivery, and ethical standards to strengthen customer trust. Therefore, the implications of the study that enhances customer engagement through personalized services, consistent follow-ups, and loyalty programs that reinforce customers' emotional and behavioral commitment in commercial banks. This study is limited to commercial banks, uses a convenience sampling method, relies on cross-sectional data, and considers only customer commitment and customer intimacy as intervening variables. Future research directions can incorporate other constructs such as brand image, or digital trust to develop a broader framework relationship with mixed research design approach. Furthermore, it can examine how digital trust, technological adoption influence customer intimacy and customer loyalty in digital banking system in the context of Nepali commercial banks.

Author Contributions

This work was solely conducted by Lecturer , Pushpa Nidhi Amgain. The author was responsible for conceptualization, literature review, methods, data collection, data analysis , project administration, original draft and revision, writing and final approval of the manuscript.

Conflict of Interest

The author declares that there is no conflict of interest regarding the publication of the manuscript.

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