

Corporate Social Responsibility, Co-Creation, Trust, and Reputation Effecting on Customer Loyalty in Thai Retail Banking

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Abstract

This study examines the influence of corporate social responsibility (CSR) on customer loyalty in the Thai retail banking sector, with co-creation, trust, and reputation as mediating variables. Drawing on stakeholder theory and resource-based view theory, we develop a conceptual model to test these relationships. Data was collected from 400 bank customers in Bangkok using a structured questionnaire. Partial least squares structural equation modeling (PLS-SEM) was used to test the hypotheses. Results indicate that CSR has strong direct effects on co-creation ($\beta = .660$, $p < .001$), trust ($\beta = .754$, $p < .001$), and reputation ($\beta = .443$, $p < .001$). CSR also shows stronger indirect effects on loyalty via trust and reputation ($\beta = .140$, $p < .001$) compared to co-creation ($\beta = .055$, $p < .001$). The findings suggest that CSR can build trust and enhance reputation to foster customer loyalty, while CSR-related co-creation activities have a weaker indirect effect on loyalty in Thai banking. This study contributes to understanding how CSR initiatives can drive customer loyalty in the banking sector of an emerging economy, offering important implications for theory and practice in the fields of marketing and corporate social responsibility.

Keywords: Corporate social responsibility, co-creation, trust, reputation, customer loyalty, retail banking, Thailand

1. Introduction

The global financial landscape has been marked by significant volatility and uncertainty in recent years, with emerging economies like Thailand facing particular challenges. The Thai economy is projected to grow by only 2.4% in 2024, grappling with the ripple effects of global geopolitical tensions and fluctuations in major trading partners' economies (Thiraveja, 2024). This economic slowdown is exerting considerable pressure on the Thai banking sector, intensifying competition and compelling financial institutions to seek new strategies for customer retention and loyalty.

In this context, corporate social responsibility (CSR) has emerged as a critical priority for banks, serving as a means to balance financial performance with broader societal and environmental considerations (Argandona, 2009; Aramburu & Pescador, 2019). The concept of CSR has evolved from a peripheral concern to a core business strategy, particularly in the financial services sector where trust and reputation are paramount (Fatma et al., 2015; Wu et al., 2017).

CSR is increasingly viewed as a strategic tool to enhance corporate reputation and foster customer loyalty, particularly in developed markets (Vlachos et al., 2009; Markovic et al., 2018; Iglesias et al., 2020). In Thailand, both public and private banks are adopting CSR as a central element of their corporate strategies. For instance, the Government Savings Bank has repositioned itself as a "social bank," placing CSR at the heart of its operations and customer engagement efforts (Government Savings Bank, 2023).

While the relationship between CSR and various business outcomes has been extensively studied in Western contexts, research in emerging markets, particularly in the banking sector, remains relatively scarce (Jamali & Karam, 2018; Sardana et al., 2020). Moreover, the mechanisms through which CSR influences customer loyalty, especially in times of economic uncertainty, are not fully understood (Martínez & Rodríguez del Bosque, 2013; Aramburu & Pescador, 2019).

This study aims to address these gaps by examining how CSR activities in Thai retail banking influence customer loyalty through the mediating effects of co-creation, trust, and reputation. While previous research has explored CSR's impact on emotional outcomes like brand affect (e.g., Pérez & Rodríguez del Bosque, 2015), this study focuses on rational (trust) and

behavioral (loyalty) outcomes. The research adopts a triple bottom line approach to CSR, encompassing economic, social, and environmental dimensions (Elkington, 1998; Garriga & Melé, 2004; Aramburu & Pescador, 2019).

The specific objectives of this study are:

1. To examine the direct effects of CSR on co-creation, trust, reputation, and customer loyalty in Thai retail banking.
2. To investigate the mediating roles of co-creation, trust, and reputation in the relationship between CSR and customer loyalty.
3. To assess the relative importance of different CSR dimensions (economic, social, and environmental) in the Thai banking context.

By addressing these objectives, this study contributes to the literature in several ways. First, it extends our understanding of CSR's effects on customer loyalty in an emerging market context, where institutional and cultural factors may influence the CSR-loyalty relationship differently compared to developed markets (Jamali & Karam, 2018). Second, it examines the interplay between CSR, co-creation, trust, and reputation, providing a more nuanced understanding of the mechanisms through which CSR influences customer loyalty. Finally, by focusing on the banking sector during a period of economic uncertainty, this study offers insights into how CSR can serve as a strategic tool for customer retention in challenging times.

The remainder of this paper is structured as follows: Section 2 provides a review of relevant literature and develops the hypotheses. Section 3 describes the research methodology. Section 4 presents the results of the data analysis. Section 5 discusses the findings and their implications. Finally, Section 6 concludes the paper, acknowledges limitations, and suggests directions for future research.

2. Literature Review and Hypotheses Development

2.1 Theoretical Foundation

This study draws on two principal theoretical frameworks: stakeholder theory (Freeman, 1984) and resource-based view (RBV) theory (Barney, 1991). These theories provide complementary perspectives on the role of CSR in driving business outcomes and serve as the foundation for our hypotheses.

Stakeholder theory posits that a company's success depends on its ability to satisfy the needs and expectations of various stakeholder groups, not just shareholders (Freeman, 1984). This theory emphasizes the importance of business ethics and value creation for all stakeholders (Freeman et al., 2010). In the banking context, customers represent a critical stakeholder group highly attuned to corporate actions, especially those related to environmental and social impacts (Pérez & Rodríguez del Bosque, 2014; Nyilasy et al., 2014; Iglesias et al., 2020). Stakeholder theory suggests that CSR activities can enhance relationships with key stakeholders, including customers, potentially leading to increased loyalty (Bhattacharya et al., 2009).

The resource-based view theory, on the other hand, conceptualizes CSR as an internal resource that can create intangible assets like trust and reputation, ultimately enhancing customer loyalty (Barney, 1991; McWilliams & Siegel, 2011). According to RBV, firms can achieve sustainable competitive advantage by leveraging valuable, rare, inimitable, and non-substitutable resources (Barney, 1991). CSR initiatives can be viewed as such resources, capable of generating customer loyalty through enhanced reputation and trust (Branco & Rodrigues, 2006; Surroca et al., 2010).

2.2 Corporate Social Responsibility in Banking

Corporate Social Responsibility has been defined in various ways, but for this study, we adopt the definition proposed by the World Business Council for Sustainable Development (WBCSD): "the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large" (WBCSD, 2000, p. 3).

In the banking sector, CSR has gained particular prominence following the global financial crisis of 2008, which highlighted the need for greater ethical behavior and social responsibility in financial institutions (Forcadell & Aracil, 2017). Banks have increasingly recognized that their long-term success depends not only on financial performance but also on their ability to address broader societal and environmental concerns (Wu & Shen, 2013; Cornett et al., 2016).

This study adopts the triple bottom line approach to CSR, which encompasses economic, social, and environmental dimensions (Elkington, 1998; Garriga & Melé, 2004; Aramburu & Pescador, 2019):

1. Economic dimension: This includes the bank's contribution to economic development, fair business practices, and the creation of sustainable financial products.

2. Social dimension: This encompasses the bank's efforts to improve social welfare, support community development, and ensure fair treatment of employees.

3. Environmental dimension: This relates to the bank's initiatives to reduce its environmental footprint, promote sustainable practices, and support environmental conservation efforts.

2.3 Co-creation in Banking Services

Co-creation refers to the joint creation of value by the company and its customers, allowing customers to co-construct their service experience to suit their context (Prahalad & Ramaswamy, 2004). In the banking sector, co-creation has gained importance with the rise of digital banking and increased customer expectations for personalized services (Oliveira & von Hippel, 2011; Skaalsvik & Johannessen, 2014).

CSR initiatives can serve as platforms for co-creation, allowing customers to participate in socially responsible activities alongside the bank (Iglesias et al., 2020). This engagement can strengthen the customer-bank relationship and potentially enhance loyalty (Auh et al., 2007; Fang et al., 2008).

Based on these considerations, we propose:

H₁: CSR has a direct positive effect on co-creation.

2.4 Trust in Banking

Trust is a critical factor in the banking industry, given the intangible nature of financial services and the significant risks involved in financial transactions (Kantsperger & Kunz, 2010). Trust in a bank can be defined as the customer's confidence in the bank's reliability and integrity (Morgan & Hunt, 1994; Doney & Cannon, 1997).

CSR activities can enhance customer trust by demonstrating the bank's commitment to ethical behavior and societal well-being (Pivato et al., 2008; Martínez & Rodríguez del Bosque, 2013). Moreover, co-creation activities can foster trust by increasing transparency and customer involvement in service delivery (Fang et al., 2008; Cambra-Fierro et al., 2018).

Therefore, we hypothesize:

H₂: CSR has a direct positive effect on trust.

H₄: Co-creation has a direct positive effect on trust.

2.5 Corporate Reputation in Banking

Corporate reputation refers to the overall estimation of a company's character as perceived by its stakeholders (Fombrun, 1996). In the banking sector, reputation is particularly crucial due to the trust-based nature of financial services (Walsh et al., 2009; Fatma et al., 2015).

CSR activities can enhance a bank's reputation by demonstrating its commitment to social and environmental issues (Brammer & Pavelin, 2006; Park et al., 2014). Moreover, a high level of customer trust can contribute to a positive corporate reputation (Walsh et al., 2009; Arikan et al., 2016).

Thus, we propose:

H₃: CSR has a direct positive effect on reputation.

H₅: Trust has a direct positive effect on reputation.

2.6 Customer Loyalty in Banking

Customer loyalty in banking can be defined as a customer's commitment to consistently repurchase or patronize a preferred bank's products/services over time, despite situational influences and marketing efforts having the potential to cause switching behavior (Oliver, 1999; Grönroos, 2007).

CSR initiatives can enhance customer loyalty by improving the bank's image and strengthening emotional bonds with customers (Mandhachitara & Poolthong, 2011; Pérez & Rodríguez del Bosque, 2015). Co-creation can foster loyalty by increasing customer engagement and perceived value (Auh et al., 2007; Fang et al., 2008). Trust and reputation are also well-established antecedents of customer loyalty in the banking sector (Ball et al., 2004; Bontis et al., 2007).

Based on these considerations, we hypothesize:

H₆: CSR has a direct positive effect on customer loyalty.

H₇: Co-creation has a direct positive effect on customer loyalty.

H₈: Trust has a direct positive effect on customer loyalty.

H₉: Reputation has a direct positive effect on customer loyalty.

2.7 Mediating Effects

While direct effects are important, the mechanisms through which CSR influences customer loyalty are likely to be complex and multifaceted. Therefore, we also propose several mediating relationships:

H₁₀: Co-creation mediates the effect of CSR on customer loyalty.

H₁₁: Trust mediates the effect of CSR and co-creation on customer loyalty.

H₁₂: Reputation mediates the effect of CSR, co-creation, and trust on customer loyalty.

H₁₃: Trust mediates the effect of CSR on customer loyalty.

H₁₄: Reputation mediates the effect of CSR on customer loyalty.

H₁₅: Reputation mediates the effect of CSR and trust on customer loyalty.

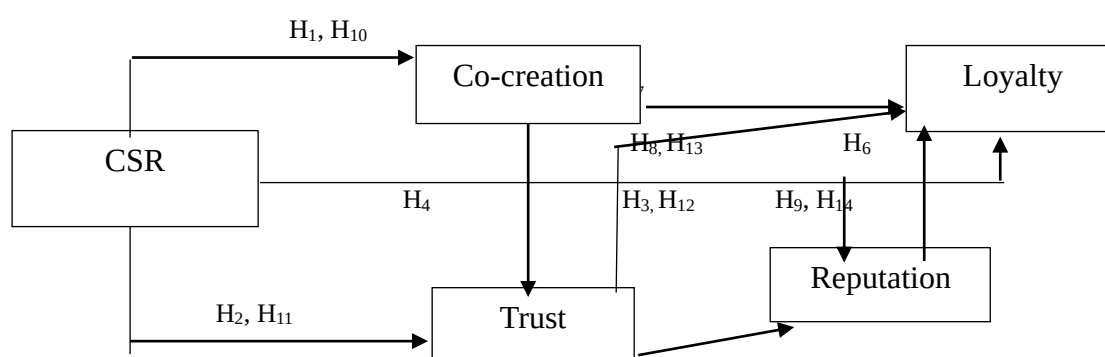


Figure 1 presents the conceptual model illustrating these hypothesized relationships.

3. Methodology

3.1 Research Design and Sample

This study employed a quantitative approach using a cross-sectional survey design. The target population consisted of retail banking customers in Bangkok, Thailand, aged 18 years and above. A multi-stage quota sampling technique was used to ensure representation across different demographic groups and bank types (public and private).

The sample size was determined based on the recommendations of Hair et al. (2017) for PLS-SEM analysis, suggesting a minimum sample size of ten times the largest number of structural paths directed at a particular construct in the structural model. Given our model's complexity, we aimed for a sample size of 400, which exceeds this minimum requirement and allows for robust statistical analysis.

3.2 Data Collection

Data was collected through a structured questionnaire administered face-to-face by trained interviewers. The survey was conducted in various locations across Bangkok, including business districts, shopping areas, and residential neighborhoods, to capture a diverse sample of bank customers.

Before participating, respondents were screened to ensure they had an active account with a Thai retail bank and were familiar with their bank's CSR activities. The data collection took place over a period of two months in 2023.

3.3 Measures

All constructs were measured using multi-item scales adapted from previous studies. The scales were translated into Thai using a double-blind back-translation process to ensure conceptual equivalence (Brislin, 1970).

Corporate Social Responsibility: CSR was conceptualized as a formative second-order construct with three dimensions: economic, social, and environmental. Items were adapted from Pérez and Rodríguez del Bosque (2013) and Fatma et al. (2015).

Co-creation: Measured using items adapted from Nysveen and Pedersen (2014) and Iglesias et al. (2020).

Trust: Adapted from Kantsperger and Kunz (2010) and Fatma et al. (2015).

Reputation: Measured using items from Walsh et al. (2009) and Arikan et al. (2016).

Customer Loyalty: Adapted from Zeithaml et al. (1996) and Mandhachitara and Poolthong (2011).

All items were measured on a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

3.4 Data Analysis

Data analysis was conducted using partial least squares structural equation modeling (PLS-SEM) with SmartPLS 3.0 software (Ringle et al., 2015). PLS-SEM was chosen due to its ability to handle complex models with both reflective and formative constructs, and its suitability for prediction-oriented research (Hair et al., 2017).

The analysis followed a two-step approach: first, assessing the measurement model to ensure reliability and validity of the constructs, and second, evaluating the structural model to test the hypothesized relationships.

4. Results

4.1 Sample Characteristics

The final sample consisted of 400 respondents, with a balanced representation of gender (60% female) and bank type (52% private banks, 48% public banks). The majority of respondents were aged 34-41 (35%), held a bachelor's degree or higher (56%), and had been customers of their primary bank for more than five years (68%).

4.2 Measurement Model Assessment

The measurement model was assessed for reliability, convergent validity, and discriminant validity. For reflective constructs, indicator reliability was established with factor loadings exceeding 0.7 for all items. Composite reliability (CR) values ranged from 0.833 to 0.962, exceeding the recommended threshold of 0.7 (Hair et al., 2017). Average Variance Extracted (AVE) values were above 0.5 for all constructs, indicating satisfactory convergent validity (Fornell & Larcker, 1981). Therefore, first-order measurement model to test validity and reliability are shown in Table 1 as follows:

Table 1: The Reliability and Validity Test of The First-Order Measurement Model

Factor	Items	Loadings	Cronbach'Alpha	CR	AVE
CSR on economic dimension (RE)					
	RE ₁	.706			
	RE ₂	.766			
	RE ₃	.834			
	RE ₄	.870	.913	.916	.659
	RE ₅	.866			
	RE ₆	.787			
	RE ₇	.840			
CSR on environmental dimension (RN)					
	RN ₁	.899			
	RN ₂	.941			
	RN ₃	.932			
	RN ₄	.887	.959	.962	.805
	RN ₅	.880			
	RN ₆	.806			
	RN ₇	.929			
CSR on social dimension (RS)					
	RS ₁	.777			
	RS ₂	.793			
	RS ₃	.819			
	RS ₄	.842			
	RS ₅	.847	.931	.933	.644
	RS ₆	.827			
	RS ₇	.714			
	RS ₈	.764			
	RS ₉	.832			
Co-Creation (C)					
	C ₁	.792			
	C ₂	.880	.823	.833	.653
	C ₃	.786			
	C ₄	.769			
Trust (T)					
	T ₁	.875			
	T ₂	.872			
	T ₃	.874	.929	.929	.779
	T ₄	.886			
	T ₅	.905			
Reputation (R)					
	R ₁	.844			
	R ₂	.849			
	R ₃	.864	.915	.920	.747
	R ₄	.896			
	R ₅	.867			

Loyalty (L)					
	L ₁	.838			
	L ₂	.871			
	L ₃	.857			
	L ₄	.813	.926	.929	.693
	L ₅	.842			
	L ₆	.795			
	L ₇	.810			

Discriminant validity was assessed using the Fornell-Larcker criterion and the heterotrait-monotrait (HTMT) ratio. The square root of AVE for each construct was greater than its correlation with other constructs, satisfying the Fornell-Larcker criterion. HTMT ratios were below the conservative threshold of 0.90, further confirming discriminant validity (Henseler et al., 2015). Discriminant validity of the first-order measurement model are shown in the following table.

Table 2: Discriminant Validity of the First-Order Measurement Model

	RE	RN	RS	C	T	R	L
RE	.812	.725	.771	.640	.754	.803	.783
RN	.675	.897	.776	.756	.605	.546	.625
RS	.712	.829	.803	.687	.705	.631	.693
C	.561	.679	.611	.808	.586	.597	.658
T	.696	.573	.659	.522	.883	.805	.761
R	.738	.522	.591	.528	.747	.864	.765
L	.726	.592	.647	.577	.711	.802	.833

. Diagonal values in bold are the square root of the AVE, discriminant validity due to Fornell-Larcker below the diagonal, HTMT criteria above the diagonal.

For the formative CSR construct, variance inflation factor (VIF) values were below 3.3, indicating no multicollinearity and common method bias issues (Diamantopoulos & Siguaw, 2006). Outer weights were significant for all dimensions, confirming their relevance in forming the CSR construct.

Table 3 identifies validity of second-order measurement model as follows:

Table 3: Validity of the Second-Order Measurement Model

	Outer weight	t-value	p-value	VIF
CSR				
Economic dimension	.638***	11.288	.000	2.127
Social dimension	.302***	8.622	.000	2.703
Environmental dimension	.124***	3.642	.000	3.057

4.3 Structural Model Assessment

The structural model was evaluated based on the coefficient of determination (R^2), path coefficients (β), and their significance levels. The model explained 72.0% of the variance in customer loyalty, 63.8% in reputation, 59.4% in trust, and 43.5% in co-creation, indicating substantial explanatory power (Hair et al., 2017).

Table 4 presents the results of the hypothesis testing for direct effects.

Table 4: Hypotheses Testing and Path Analysis

Hypotheses	Standardized β	t-value	p-value	95%CI Lower	95%CI Upper	Conclusion
H ₁ : CSR $\rightarrow$ Co-	.660	5.140***	.000	.413	.737	Accepted

creation							
H ₂ : CSR → Trust	.754	4.250***	.000	.444	.868	Accepted	
H ₃ : CSR → Reputation	.443	3.594***	.000	.451	.879	Accepted	
H ₄ : Co-creation → Trust	.025	.130	.897	-.299	.337	Rejected	
H ₅ : Trust → Reputation	.406	4.816***	.000	.032	.708	Accepted	
H ₆ : CSR → Loyalty	.319	2.011*	.043	.467	.852	Accepted	
H ₇ : Co-creation → Loyalty	.083	1.990*	.047	.040	.119	Accepted	
H ₈ : Trust → Loyalty	.079	1.315	.170	-.170	.565	Rejected	
H ₉ : Reputation → Loyalty	.457	6.976***	.000	.310	.779	Accepted	

R^2 (co-creation) = .435, R^2 (trust) = .594, R^2 (reputation) = .638, R^2 (loyalty) = .720

*** $p < .001$, * $p < .05$

The results in Table 4 and Figure 2 show that CSR had significant positive effects on co-creation ($\beta = .660$, $p < .001$), trust ($\beta = .754$, $p < .001$), reputation ($\beta = .443$, $p < .001$), and loyalty ($\beta = .319$, $p < .05$), supporting H₁, H₂, H₃, and H₆. Trust positively influenced reputation ($\beta = .406$, $p < .001$), supporting H₅. Co-creation ($\beta = .083$, $p < .05$) and reputation ($\beta = .457$, $p < .001$) had positive effects on loyalty, supporting H₇ and H₉.

However, contrary to expectations, co-creation did not significantly affect trust ($\beta = .025$, $p > .05$), and trust did not directly influence loyalty ($\beta = .079$, $p > .05$), leading to the rejection of H₄ and H₈.

Figure 2: Theoretical model with the estimated path coefficients

4.4 Mediation Analysis

Mediation effects were tested using the bootstrapping procedure with 5,000 samples. Table 5 presents the results of the mediation analysis.

Table 5: Mediation Analysis

Hypotheses	Standardized β	t-value	p-value	95%CI Lower	95%CI Upper	Conclusion
H ₁₀ : CSR → Co-creation → Loyalty	.055	3.534***	.000	.057	.172	Accepted
H ₁₁ : CSR → Co-creation → Trust → Loyalty	.001	.962	.336	-.003	.025	Rejected
H ₁₂ : CSR → Co-creation → Trust → Reputation → Loyalty	.001	1.428	.153	-.006	.070	Rejected
H ₁₃ : CSR → Trust → Loyalty	.059	1.515	.130	-.144	.185	Rejected
H ₁₄ : CSR → Reputation → Loyalty	.203	2.788**	.005	.029	.114	Accepted
H ₁₅ : CSR → Trust → Reputation → Loyalty	.140	6.800***	.000	.211	.393	Accepted

***p < .001, ** p < .01

The results indicate that co-creation ($\beta = .055$, $p < .001$) and reputation ($\beta = .203$, $p < .01$) mediated the CSR-loyalty relationship, supporting H₁₀ and H₁₄. Trust and reputation together also mediated this relationship ($\beta = .140$, $p < .001$), supporting H₁₅. However, trust alone did not mediate between CSR and loyalty, leading to the rejection of H₁₃. The serial mediation effects through co-creation, trust, and reputation (H₁₁ and H₁₂) were not significant.

5. Discussion

This study provides important insights into the role of CSR in driving customer loyalty in the Thai retail banking sector, with several key findings emerging from the analysis.

5.1 Direct Effects of CSR

The strong positive effects of CSR on co-creation, trust, reputation, and loyalty underscore the strategic importance of CSR initiatives in banking. These findings align with previous research in Western contexts (e.g., Pérez & Rodríguez del Bosque, 2015; Iglesias et al., 2020) and extend them to an emerging market setting. The results suggest that Thai bank customers value and respond positively to CSR efforts, reinforcing the business case for CSR in the banking sector.

The strongest direct effect of CSR was on trust, highlighting the role of CSR in building customer confidence in banks' integrity and reliability. This is particularly crucial in the aftermath of financial crises and in the face of economic uncertainties, where trust in financial institutions may be fragile (Fatma et al., 2015).

5.2 The Role of Co-creation

While CSR had a strong positive effect on co-creation, the impact of co-creation on trust and loyalty was weaker than anticipated. This suggests that while CSR initiatives can successfully engage customers in co-creation activities, the benefits of this engagement may not fully translate into enhanced trust or loyalty in the Thai banking context. This contrasts with findings from some Western studies (e.g., Iglesias et al., 2020) and may reflect cultural differences or the specific nature of banking services in Thailand.

5.3 Trust and Reputation as Mediators

The significant mediating roles of reputation, and trust combined with reputation, in the CSR-loyalty relationship highlight the importance of these constructs in translating CSR efforts into customer loyalty. The stronger mediating effect of

reputation compared to trust suggests that in the Thai context, the overall perception of the bank's character may be more influential in driving loyalty than trust alone.

The non-significant mediating effect of trust alone is surprising and contradicts some previous findings (e.g., Martínez & Rodríguez del Bosque, 2013). This may indicate that in the Thai banking sector, trust is a necessary but not sufficient condition for loyalty, and needs to be accompanied by a strong positive reputation to influence customer behavior.

5.4 Theoretical Implications

This study contributes to the literature in several ways. First, it extends our understanding of CSR's effects in an emerging market context, demonstrating both similarities and differences with findings from developed markets. Second, it provides empirical support for the integration of stakeholder theory and resource-based view in explaining the outcomes of CSR initiatives. The findings highlight how CSR, as a strategic resource, can generate valuable intangible assets (trust and reputation) that contribute to customer loyalty.

Third, the study offers a more nuanced view of the role of co-creation in the CSR-loyalty relationship, suggesting that its effects may be context-dependent. Finally, by examining multiple mediating pathways, this research provides a more comprehensive understanding of the mechanisms through which CSR influences customer loyalty in banking.

5.5 Practical Implications

For bank managers in Thailand and potentially other emerging markets, this study offers several practical insights:

1. Invest in CSR: The strong direct and indirect effects of CSR on loyalty justify continued investment in CSR initiatives, even in challenging economic times.
2. Focus on reputation-building: Given the strong mediating role of reputation, banks should ensure that their CSR efforts are visible and well-communicated to enhance their overall corporate image.
3. Rethink co-creation strategies: While CSR can drive co-creation, banks may need to reconsider how they leverage co-creation activities to build trust and loyalty more effectively.
4. Holistic approach to trust-building: Trust alone may not be sufficient to drive loyalty. Banks should focus on building trust in conjunction with enhancing their overall reputation to foster customer loyalty.
5. Tailor CSR dimensions: The relative importance of economic, social, and environmental CSR dimensions may vary. Banks should assess which aspects resonate most with their customers and align their CSR strategies accordingly.

6. Conclusion

This study provides valuable insights into the role of CSR in driving customer loyalty in the Thai retail banking sector. By examining the mediating effects of co-creation, trust, and reputation, it offers a more comprehensive understanding of the mechanisms through which CSR influences customer behavior in an emerging market context.

The findings highlight the strategic importance of CSR in banking, particularly in building trust and enhancing corporate reputation. However, they also reveal complexities in how CSR translates into customer loyalty, with co-creation playing a less prominent role than expected and trust requiring the support of a strong reputation to influence loyalty effectively.

6.1 Limitations and Future Research

While this study contributes significantly to our understanding of CSR in banking, it has several limitations that provide avenues for future research. First, the cross-sectional nature of the data limits causal inferences. Longitudinal studies could provide more robust evidence of the relationships observed.

Second, the study focused on Bangkok, Thailand's capital and largest city. Future research could extend to other regions of Thailand or other emerging markets to assess the generalizability of the findings.

Third, this study relied on customer perceptions of CSR. Future research could incorporate objective measures of banks' CSR performance to provide a more comprehensive picture.

Finally, given the evolving nature of the banking sector, particularly with the rise of digital banking and fintech, future studies could explore how these technological changes interact with CSR initiatives in influencing customer loyalty.

In conclusion, as the banking sector continues to navigate economic uncertainties and changing customer expectations, CSR remains a powerful tool for building customer loyalty. However, its effectiveness depends on how well it enhances a bank's reputation and builds trust with customers. By understanding these mechanisms, banks can more effectively leverage their CSR initiatives to create sustainable competitive advantage in the dynamic financial services landscape.

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