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| RESEARCH ARTICLE

Beyond Satisfaction: Commitment and Perceived Customer Lifetime Value in Iranian Banking

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| ABSTRACT

We investigate how Iranian banks transform brand experience and service quality into perceived customer lifetime value through customer satisfaction and commitment. We surveyed customers of major public and private banks in Iran and tested the proposed relationships using partial least squares structural equation modeling. We first examined a serial mediation model linking brand experience and service quality to customer satisfaction, customer commitment, and perceived customer lifetime value. We then evaluated an extended model that allowed brand experience and service quality to strengthen commitment directly. Our findings show that both brand experience and service quality improve customer satisfaction. This favorable evaluation then strengthens customer commitment, which emerges as the most important driver of perceived customer lifetime value. Brand experience also plays a stronger upstream role than service quality. The extended model provides a clearer explanation of how commitment develops by showing that customers can become committed not only because they feel satisfied, but also because they connect with the bank's brand and trust the quality of its service. These results show that satisfaction alone cannot create durable customer value. Iranian banks build stronger relationships when they turn positive customer experiences into genuine commitment. The study highlights commitment as the central mechanism that converts brand experience and service quality into continued usage, first-choice preference, loyalty, and advocacy. It also offers bank managers a practical framework for managing customer experience, service delivery, satisfaction, and commitment as one integrated process for building long-term customer value.

| KEYWORDS

brand experience; service quality; customer satisfaction; customer commitment; perceived customer lifetime value; relationship marketing; customer experience; Iranian banking; serial mediation; PLS-SEM

| ARTICLE INFORMATION

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Introduction

Banks increasingly compete through customer experiences and relationships rather than transactions alone. This is especially true when customers face multiple institutions that can all deliver basic financial services, but differ in how they make customers feel, how clearly they communicate value, and how effectively they turn repeated interactions into durable relational bonds (Garzaro et al., 2021). For that reason, we argue that the central managerial question is no longer whether service delivery matters. It clearly does. The more important question is how service and brand-related encounters become long-term customer value. Customer experience research has established the importance of customer responses across touchpoints (Lemon & Verhoef, 2016), while brand experience research has shown that brand stimuli can shape satisfaction and loyalty (Garzaro et al., 2021). However, the field still needs sharper models that explain how upstream experiences become downstream value perceptions in specific service settings.

We position this study in the Iranian banking sector. Iran's financial system provides a particularly meaningful context because financial-market behavior in Iran is shaped by regulatory constraints, limited arbitrage mechanisms, and emerging-market frictions that make direct transfer of developed-market assumptions problematic (Mashhadi, Mojtahedi, et al., 2025; Mojtahedi et al., 2025). Recent finance study by (Keshavarz & Sirmans, 2024) shows that credit and equity markets share systematic structures, but that these structures can decouple under stressed conditions, suggesting that financial-service environments should be understood as dynamic systems shaped by risk, information flows, and market constraint (Keshavarz & Sirmans, 2024). Evidence from Iran-based research shows that sectoral outcomes in constrained environments depend not only on technical resources, but also on institutional support, adaptive capacity, and the ability to translate available resources into practical resilience (Goli et al., 2024). Our survey instrument asked respondents to identify their focal bank from a set of ten major Iranian banks, grouped into three public banks and seven private banks, and then evaluate that bank on the focal study constructs. The questionnaire was translated into Farsi and used five-point Likert-type scales. This design allowed us to study customer responses in a market setting that includes both large public and private banking institutions.

We claim that Iranian banking offers a useful context for studying relational value creation for three reasons. First, banking is a high-contact, high-consequence service category in which customers repeatedly interact with brands through branches, employees, websites, mobile applications, and formal communications (Gao et al., 2020). This emphasis on the social meaning of physical and interactional settings is consistent with Iran-based research showing that built environments and social systems can jointly structure collective experience and community attachment (Moradi & Hosseini, 2022). Second, because banking involves ongoing financial dependence, short-term satisfaction alone is rarely enough to secure a durable relationship. A bank must also create commitment (Fatima et al., 2020). Third, long-term value in banking is visible not only in continued usage, but also in customers' first-choice preference, resistance to alternatives, and advocacy (Kumar & Reinartz, 2016). These outcomes closely match the logic of loyalty scholarship and customer equity thinking, while also fitting the way customers evaluate banks in practice.

Despite the richness of the services and banking literature, several gaps remain. One stream has emphasized brand experience, often showing that sensory, affective, intellectual, and behavioral brand cues shape downstream attitudes and loyalty (Brakus et al., 2009). Another stream has emphasized service quality, often linking service performance to satisfaction and intention-related outcomes (Özkan et al., 2020). Relationship marketing research, in turn, has long argued that commitment functions as a pivotal relational mechanism (Özkan et al., 2020). Yet these streams are often examined separately, or they terminate in broad loyalty constructs without clarifying how customers perceive the long-term value to themselves (Dandis et al., 2023). We therefore bring these strands together and explicitly model perceived customer lifetime value (PCLV) as the final outcome.

We define PCLV in this study as the customer's perceived long-term value of staying with a bank, reflected in intentions to continue using the bank, prefer it, remain loyal to it, and recommend it to others over time. We adopt the word perceived deliberately. Our outcome is not archival profitability or actual customer equity (Kumar, 2018). It is the customer's own downstream evaluation of the value of maintaining the relationship. That distinction matters conceptually and empirically. It allows us to remain faithful to the survey-based measurement used in the study, while still speaking to the broader logic of lifetime value. The questionnaire's outcome items capture future usage, first-choice preference, loyalty, willingness to remain, and advocacy, which together justify the PCLV label.

Our study makes three contributions. First, we develop and test a serial mediation model in which brand experience and service quality influence satisfaction, satisfaction influences commitment, and commitment influences PCLV. Second, we show that this baseline serial model is theoretically clean but not the full story; in an alternative model, both brand experience and service quality also strengthen commitment directly. Third, we offer a substantive interpretation of these findings for the Iranian banking sector. We show that satisfaction matters, but commitment is the stronger relational engine through which experience becomes long-term value.

The remainder of the paper proceeds as follows. We first review the relevant literature and develop the study hypotheses. We then describe the research design, measures, sample, and analytical procedure. After presenting the measurement and structural results, we discuss the theoretical and managerial implications of the findings, especially for Iranian banks seeking to convert customer-facing experience into durable value.

Literature Review

Customer experience, brand experience, and relationship value

The broader customer experience literature has become increasingly influential in marketing, but it has also become theoretically fragmented. Becker and Jaakkola (2020) show that customer experience research spans multiple traditions and that scholars still differ on whether experience should be defined as managerial stimuli, customer responses, or broader consumption processes. Even so, the literature converges on one core point: customer experience is central to competition because firms shape value not only through functional delivery, but also through what customers cognitively, emotionally, behaviorally, and sensorially experience across touchpoints (Lemon & Verhoef, 2016).

Within this broader conversation, brand experience provides a more focused and empirically tractable framework. Brakus et al. (2009) define brand experience as the sensations, feelings, cognitions, and behavioral responses evoked by brand-related stimuli. They operationalize the construct through four dimensions, sensory, affective, intellectual, and behavioral, and show that brand experience is conceptually distinct from related constructs and has important downstream consequences for satisfaction and loyalty. This framework is especially useful in banking, where the brand is not limited to advertising symbols (Garzaro et al., 2021). The bank's branch environment, digital interface, employee conduct, tone of communication, visual identity, and perceived meaning all become part of the experience customers attach to the brand (Garzaro et al., 2021; Motta-Filho, 2021).

This perspective matters because services differ from goods in their simultaneity and relational intensity. In services, customers do not simply consume outcomes; they interpret relational cues embedded in the interaction process (De Keyser et al., 2020). A bank, therefore, does not build value solely by delivering transactions accurately. It builds value by creating experiences that customers find coherent, reassuring, emotionally positive, and meaningful enough to justify continued engagement. This is one reason why brand experience should not be treated as peripheral in financial services (Garzaro et al., 2021). It often provides the emotional and cognitive architecture through which a bank becomes more than a utility provider (Brakus et al., 2009). A similar logic appears in recent retail research, which suggests that firms facing digital alternatives can compete more effectively by developing distinctive experiential attributes rather than merely imitating online channels (Liu, 2023)

Service quality as a relational resource

The foundational literature conceptualizes service quality as customers' assessment of how well a service performs relative to expectations and emphasizes dimensions such as reliability, responsiveness, empathy, assurance, and tangibles (Parasuraman et al., 1988). Later work refined this logic and demonstrated that perceived service quality influences value judgments, satisfaction, and behavioral intentions. In banking, service quality is particularly consequential because customers repeatedly rely on frontline employees, digital service systems, and resolution processes for matters that involve trust, timing, money movement, and problem resolution (Raza et al., 2023).

We treat service quality in this paper as a substantive driver of customer responses rather than as a narrow operational hygiene factor. In our study, service quality reflects the degree to which customers believe bank staff attend to their needs, understand their requirements, possess the expertise to provide excellent service, act honestly and transparently, and manage waiting time reasonably. These items capture the practical core of service delivery in banking and connect directly to the customer-facing processes that shape satisfaction and relational confidence.

Satisfaction as a proximal evaluative state

Customer satisfaction occupies a central position in service and relationship marketing because it summarizes how customers evaluate cumulative service encounters. (Anderson & Sullivan, 1993) show that satisfaction has both antecedents and firm-level consequences, and later research demonstrates that satisfaction often bridges the path from quality perceptions to loyalty-related outcomes. Satisfaction is not identical to loyalty or commitment (Fatima et al., 2020). It is an evaluative state that tells us whether customers believe the bank has met or exceeded their expectations in ways that matter to them (Anderson & Sullivan, 1993). In other words, satisfaction is usually the first relational checkpoint after customers process experience and quality cues.

In our model, satisfaction functions as the first downstream state through which both brand experience and service quality begin to shape durable value. We expect this because brand experience affects how customers interpret the bank holistically, whereas service quality affects how customers judge the bank's actual delivery. When both streams are favorable, customers should report higher overall satisfaction with the bank.

Commitment as the decisive relational mechanism

If satisfaction tells us whether customers evaluate the bank positively, commitment tells us whether they want to stay. (Morgan & Hunt, 1994) argue that successful relationship marketing requires commitment and trust, and they explicitly model commitment and trust as key mediating variables. In service relationships, commitment matters because a satisfied customer is not necessarily a committed one. Customers may be satisfied and still switch if the relationship lacks emotional weight, perceived importance, or continuity value. Commitment, by contrast, reflects a stronger intention to maintain the relationship and invest in it (Fatima et al., 2020).

This distinction becomes critical in banking. A customer may leave a bank even after a generally acceptable experience if the relationship feels replaceable. Conversely, a customer whose experience has created meaningful attachment and perceived relational stability may remain even when alternatives exist. This logic is consistent with loyalty theory. Dick and Basu (1994) conceptualize loyalty as the strength of the relationship between relative attitude and repeat patronage, rather than as simple repeated behavior. Their formulation matters here because commitment is closely aligned with the attitudinal side of durable loyalty.

PCLV as a downstream consequence of commitment

We position perceived customer lifetime value as the final outcome of the model. Conceptually, this is where the paper deliberately moves beyond satisfaction and loyalty as generic end points. PCLV captures the customer's belief that the bank is worth keeping as a long-term partner. In our instrument, that belief appears in intentions to continue using the bank, choose it first, stay with it despite alternatives, and recommend it to others. These are not direct financial records. They are customer-side indicators of enduring value.

This conceptualization aligns with loyalty scholarship. Chaudhuri and Holbrook (2001) distinguish between purchase loyalty and attitudinal loyalty and show that loyalty links relational variables to important performance outcomes. Dick and Basu (1994) similarly argue that loyalty combines attitudinal strength and repeat patronage. Together, these studies suggest that when customers become committed, they are more likely to continue the relationship, show preference stability, and engage in advocacy-related behavior. That is exactly why we expect commitment to drive PCLV in the banking context.

Hypothesis Development

Brand experience and satisfaction

(Brakus et al., 2009) show that brand experience affects consumer satisfaction and loyalty. We build directly on that logic. When a bank stimulates positive sensory, affective, intellectual, and behavioral reactions, customers should evaluate the bank more favorably as a whole. In banking, such experience can emerge through the look and feel of branches, the usability and symbolic meaning of digital interfaces, the emotional tone of interactions, and the way the brand frames customers' financial identities and future decision making (Garzaro et al., 2021). We therefore expect brand experience to increase satisfaction

H1. *Brand experience positively affects customer satisfaction.*

Service quality and satisfaction

The service quality literature consistently treats satisfaction as one of the most immediate consequences of positive service evaluations (Anderson & Sullivan, 1993; Cronin Jr et al., 2000) In banking, customers rely on staff attention, competence, transparency, and responsiveness to judge whether the bank performs adequately. When these signals are positive, customers should become more satisfied with the bank overall.

H2. *Service quality positively affects customer satisfaction.*

Satisfaction and commitment

Satisfied customers are more likely to remain in a relationship when satisfaction accumulates into confidence that the relationship is worth maintaining (Garbarino & Johnson, 1999). Relationship marketing theory emphasizes commitment as a key relational state rather than an automatic by-product of exchange (Morgan & Hunt, 1994). We therefore argue that satisfaction is an antecedent to commitment: favorable cumulative evaluations encourage customers to want continuity, invest attention, and see the relationship as important (Garbarino & Johnson, 1999). This logic is consistent with relationship marketing and service relationship research (Garbarino & Johnson, 1999; Morgan & Hunt, 1994)

H3. *Customer satisfaction positively affects customer commitment.*

Commitment and PCLV

Commitment should be the most direct relational driver of PCLV (Dandis et al., 2023). If customers feel strongly committed to a bank, they are more likely to continue using it, prefer it, resist alternatives, and recommend it to others. In attitudinal terms, commitment stabilizes the relationship and turns positive evaluation into durable preference. In value terms, it is the mechanism through which the bank becomes a long-term choice rather than a temporary provider. Loyalty scholarship strongly supports this interpretation (Dandis et al., 2023).

H4. *Customer commitment positively affects perceived customer lifetime value.*

Baseline theoretical model

We build the main model as a serial mediation process:

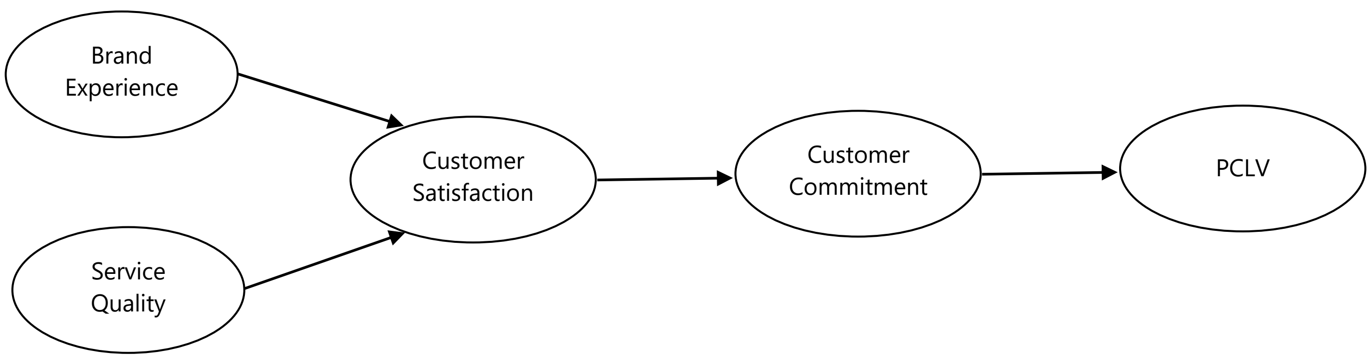

Figure 1—Baseline theoretical model

This baseline model is intentionally parsimonious. It reflects our substantive claim that upstream customer-facing inputs become long-term value through relational states.

Alternative partial-mediation model

Although the baseline model is theoretically elegant, relationship marketing theory also allows the possibility that brand experience and service quality shape commitment more directly, beyond satisfaction (Dandis et al., 2023). A customer may become committed because the bank's brand resonates with personal meaning, or because service encounters repeatedly signal competence and relational dependability. We therefore evaluate an alternative model that adds two direct paths to commitment:

H5a. *Brand experience positively affects customer commitment.*
H5b. *Service quality positively affects customer commitment.*

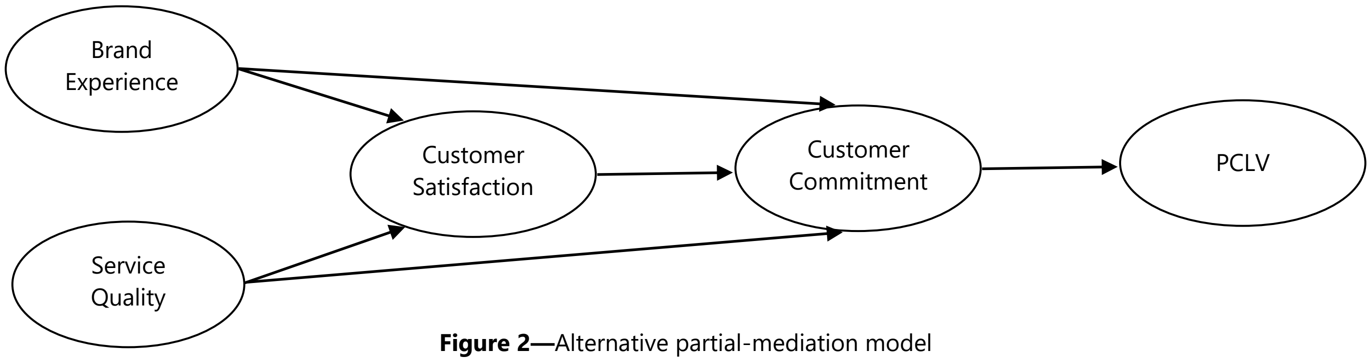

Figure 2—Alternative partial-mediation model

We treat this second model as an extended explanatory model, not as the primary theory. Our main theoretical proposition remains serial mediation; the alternative model tests whether the formation of commitment is fully or only partially mediated by satisfaction.

Methodology

Research design and empirical setting

We conducted a survey of bank customers in Iran. Respondents first identified the bank they used most frequently and then answered all subsequent items with that focal bank in mind. The survey listed ten major Iranian banks, divided into public and private institutions, and also included demographic questions and five-point Likert scales for all focal constructs. The instrument was prepared in Farsi. Our final sample includes 130 bank customers.

Table 1—Demographic and Banking-Use Profile of Respondents

Variable	Category	n
Gender	Male	62
	Female	61
	Prefer not to say	7
Education	High school or less	32
	Bachelor's degree	56
	Postgraduate	42
Age	18–30	39
	31–40	43
	41–50	22
	More than 50	26
Monthly bank-use frequency	1–5 times	30
	6–10 times	26
	11–15 times	26
	16 or more times	48

Measures

Brand experience captured sensory, affective, behavioral, and intellectual responses to the bank's brand using items adapted from Ong et al. (2018). Service quality assessed employee attention, understanding, knowledge, honesty, and waiting-time efficiency based on (Gallarza-Granizo et al., 2020). Customer satisfaction measured respondents' overall satisfaction and positive experience with the bank using Han and Ryu (2009) scale, whereas customer commitment assessed their desire to maintain and invest in the relationship using (Morgan & Hunt, 1994). Finally, perceived customer lifetime value (PCLV) captured intentions to continue using the bank, select it as the first choice, remain loyal despite competing offers, and recommend it to others, based on Ong et al. (2018) and Gallarza-Granizo et al. (2020). The term *PCLV* is used because we measure the customers' perceived future relationship value and behavioral intentions rather than actual financial CLV calculated from transaction or profitability data.

Statistical analysis

We estimated the model using partial least squares structural equation modeling (PLS-SEM) and evaluated significance using 5,000 bootstrap resamples. We selected PLS-SEM because the study emphasizes prediction and explanation of endogenous constructs, involves multiple latent variables, and tests sequential indirect effects with a moderate sample size (Hair et al., 2019). For measurement assessment, we examined indicator loadings, Cronbach's alpha, composite reliability (CR), and average variance extracted (AVE). For structural assessment, we examined path coefficients, t values, p values, bootstrap confidence intervals, and explained variance (R^2). We also assessed discriminant validity in line with the HTMT logic proposed by (Henseler et al., 2015).

Results

Measurement model

The measurement model demonstrates satisfactory reliability and convergent validity across all five constructs.

Table 2—Measurement model results

Construct	Loading range	Cronbach's α	Composite reliability	AVE
Brand Experience	.778–.872	.858	.906	.706
Service Quality	.656–.832	.843	.890	.620
Customer Satisfaction	.910–.913	.796	.908	.831
Customer Commitment	.863–.872	.837	.902	.755
Perceived CLV	.912–.943	.912	.945	.852

All alpha and composite reliability values exceed the conventional .70 threshold, and all AVE values exceed .50. We therefore conclude that the reflective measurement model is acceptable for structural analysis.

Baseline serial mediation model

We first estimate the baseline theoretical model (figure 1).

Table 3—Structural model results for the baseline model

Hypothesized path	β	t	p	95% bootstrap CI	Decision
BE → SAT	.545	5.078	< .001	[.325, .744]	Supported
SQ → SAT	.221	2.096	.036	[.018, .433]	Supported
SAT → COM	.709	15.732	< .001	[.611, .789]	Supported
COM → PCLV	.835	35.562	< .001	[.784, .875]	Supported

Table 4—Explained variance

Endogenous construct	R^2
Customer Satisfaction	.531
Customer Commitment	.503
Perceived CLV	.697

The baseline model performs strongly. Brand experience and service quality explain 53.1% of the variance in satisfaction. Satisfaction explains 50.3% of the variance in commitment. Commitment explains the largest share of downstream variance, contributing to 69.7% of the variance in PCLV.

These findings support our central theoretical claim. Brand experience and service quality do not stop at the level of immediate evaluation. They become long-term customer value by moving through satisfaction and then through commitment.

Table 5—Serial mediation results

Indirect path	Indirect effect	95% bootstrap CI	Result
BE → SAT → COM → PCLV	.323	[.180, .465]	Significant
SQ → SAT → COM → PCLV	.131	[.011, .263]	Significant

Both indirect effects are significant. The effect of brand experience is stronger than the effect of service quality, but both variables contribute to perceived long-term value through the same relational chain. This result is substantively important. It suggests that the bank's brand-related experience and its day-to-day service quality work together upstream, while satisfaction and commitment do the conversion work downstream.

Alternative partial-mediation model

We then estimate the extended model by adding direct paths from brand experience and service quality to commitment (figure 2).

Table 6—Structural results for the alternative model

Path	β	t	p	95% bootstrap CI	Decision
BE → SAT	.545	5.078	< .001	[.325, .744]	Supported
SQ → SAT	.221	2.096	.036	[.018, .433]	Supported
BE → COM	.488	6.827	< .001	[.345, .625]	Supported
SQ → COM	.202	2.562	.010	[.048, .359]	Supported
SAT → COM	.231	3.243	.001	[.090, .365]	Supported
COM → PCLV	.835	35.562	< .001	[.784, .875]	Supported

The alternative model leaves the explanation of satisfaction unchanged, as expected, but substantially improves the explanation of commitment. R^2 for commitment rises from .503 to .704. This is a major gain in explanatory power.

Table 7—Model comparison

Construct	Baseline R^2	Alternative R^2	Change
Customer Satisfaction	.531	.531	—
Customer Commitment	.503	.704	+.201
Perceived CLV	.697	.697	—

The pattern is clear. Satisfaction still matters, but it does not fully account for how commitment forms. Customers also become committed because the bank's brand experience and service quality speak directly to the viability of the relationship.

Table 8—Indirect effects in the alternative model

Indirect path	Indirect effect	95% bootstrap CI	Result
BE → SAT → COM → PCLV	.105	[.036, .184]	Significant
SQ → SAT → COM → PCLV	.043	[.002, .099]	Significant
BE → COM → PCLV	.407	[.283, .529]	Significant
SQ → COM → PCLV	.168	[.039, .302]	Significant
Total indirect effect of BE on PCLV	.512	[.387, .633]	Significant
Total indirect effect of SQ on PCLV	.211	[.081, .345]	Significant

These results refine the theoretical story. In the baseline model, both BE and SQ act entirely through satisfaction and commitment. In the alternative model, both also influence commitment more directly. Therefore, the evidence supports partial mediation in the formation of commitment, not pure full mediation.

Summary of findings

First, brand experience is the stronger upstream antecedent. It exerts the largest effect on satisfaction and also the largest added direct effect on commitment in the extended model.

Second, service quality remains important, but it operates more modestly than brand experience. It does affect satisfaction and commitment significantly, which means it remains a meaningful managerial lever.

Third, satisfaction is necessary but not sufficient. It is an important stage in the process, but it does not fully explain commitment.

Fourth, commitment is the decisive relational engine of PCLV. It is the construct that translates positive evaluations into durable preference, staying intention, and advocacy.

Discussion

Our core findings show that the answer is relational rather than merely transactional. Banks do not create perceived customer lifetime value simply by generating favorable momentary evaluations. They create it when customers become committed to the relationship.

This distinction matters. In many banking studies, satisfaction is treated as the final attitudinal milestone before loyalty or retention. Our results suggest a more precise sequence. Satisfaction is the first evaluative outcome. Customers use it to summarize whether the bank meets their expectations. But long-term value does not become strong until the relationship becomes important enough to maintain. That shift is captured by commitment. In our data, commitment is the construct that most powerfully predicts PCLV.

The findings also strengthen the case for brand experience in banking. Some managers still treat brand work in banking as a communication layer wrapped around functionally similar services. We disagree. Our results show that brand experience is not ornamental. It is a substantive driver of satisfaction and commitment. This means that the bank’s visual identity, emotional tone, usability cues, symbolic meaning, branch environment, and digitally mediated interactions together form a meaningful relational asset.

In the baseline model, brand experience strongly increases satisfaction. In the alternative model, it also directly increases commitment. This second result is especially important. It means that customers do not become attached to a bank only because they are satisfied with what it does. They also become attached because the brand experience helps them interpret the bank as a relationship worth preserving.

The results show that service quality remains an essential foundation. Service quality significantly increases satisfaction in the baseline model and significantly increases commitment in the alternative model. This confirms that operational delivery and relational quality in frontline encounters remain indispensable in banking.

At the same time, service quality is not the strongest differentiator in our model. Brand experience is stronger. We interpret this as a substantive market insight rather than as a technical artifact. Customers may expect competent and transparent service from any credible bank. Service quality is thus partly a threshold condition. Brand experience, by contrast, may explain why one bank becomes memorable, preferable, and worthy of longer-term attachment.

Implications for Iranian banking

These findings carry practical implications for the Iranian banking sector. Our sampling frame covered both major public and major private banks, which means the model speaks to a market in which customers compare large institutions rather than isolated niche providers. For Iranian banks, the immediate implication is that long-term customer value creation should not be framed as a choice between branding and service operations. This logic also resonates with recent work on resource allocation, which emphasizes that organizations improve performance when they allocate scarce resources across activities in a disciplined rather than ad hoc manner (Saghezchi et al., 2024). The two work together, but not in the same way. Service quality helps customers judge whether the bank performs competently and fairly. Brand experience helps customers interpret what the relationship means. Satisfaction emerges when these signals are favorable. Commitment emerges when customers begin to prefer continuity over substitution.

This matters for a banking sector in which managers often focus on product campaigns, transaction efficiency, or discrete service improvements. Our findings suggest that these efforts will underperform if they remain disconnected from the broader customer experience architecture. A bank that improves waiting time, employee attention, or expertise may raise satisfaction. But to raise commitment and PCLV more powerfully, it also needs a coherent brand experience that signals identity, reassurance, and relational consistency across channels.

Managerial implications

We draw five practical implications for bank managers.

First, banks should manage brand experience as an operational issue, not only as a communication issue. Managers should align branch design, app usability, interface aesthetics, service scripts, and messaging tone so that customers encounter a coherent brand logic. The sensory and emotional details of these touchpoints matter because they influence both satisfaction and commitment.

Second, banks should treat service quality as relationship infrastructure. The strongest service-quality items in this study concern attention, understanding, expertise, transparency, and waiting time. These are not back-office metrics. They are cues that shape how customers interpret whether the bank takes the relationship seriously. Managers should therefore train staff not only for efficiency, but also for interpretive clarity and relational responsiveness.

Third, banks should track commitment more explicitly. Many institutions monitor satisfaction but stop there. Our results suggest that this is insufficient. Satisfaction is important, but commitment is the stronger predictor of long-term value. Banks should therefore supplement satisfaction dashboards with indicators of relational continuity, first-choice preference, resistance to switching, and willingness to invest in the relationship.

Fourth, banks should conceptualize PCLV as an early strategic indicator. Because our PCLV measure includes future usage, preference, loyalty, and advocacy, it can function as a customer-side warning and opportunity signal. If satisfaction improves but PCLV does not, the bank may be delivering acceptable service without building durable attachment.

Fifth, bank strategies should integrate public and private bank realities rather than assuming that all differentiation comes from ownership structure. Our model suggests that what matters most at the customer level is not the ownership label by itself, but the extent to which the bank creates consistent experience, satisfactory delivery, and felt commitment.

Theoretical contributions

The first contribution is model integration. We integrate brand experience research, service quality logic, relationship marketing, and customer value thinking into a single process model. Instead of treating these constructs as parallel predictors of loyalty-like outcomes, we show how they connect sequentially.

The second contribution is the repositioning of commitment. In many services and banking work, commitment appears as one outcome among many, or it is overshadowed by satisfaction and trust. We show that commitment deserves a more central role because it is the key mechanism through which customers convert favorable evaluations into perceived long-term value.

The third contribution is the use of PCLV as a customer-side downstream construct. We do not claim to measure accounting-level CLV. Instead, we model how customers perceive the long-term value of remaining with the bank. This is theoretically meaningful because banking relationships are sustained not only by objective profitability, but also by the customer’s subjective interpretation of whether the relationship is worth continuing and endorsing.

Limitations and future research

Our study has limitations that should guide interpretation.

First, the study measures perceived customer lifetime value, not archival profitability or behavioral CLV. This was a deliberate conceptual choice, but it also limits the ability to translate our findings directly into financial customer equity estimates.

Second, we do not estimate bank-level heterogeneity. Although the sample spans multiple public and private banks, we do not test whether the model differs across bank types, customer segments, or channel preferences.

Third, the data are cross-sectional, so we cannot make strong causal claims about how perceptions evolve over time. The theory is directional, and the model is consistent with that theory, but future longitudinal work would be needed to capture the temporal formation of satisfaction, commitment, and PCLV more directly.

Researchers should test the model with longitudinal designs that connect satisfaction and commitment to actual customer retention, share of wallet, and profitability. Future studies could also combine survey-based relationship measures with interpretable predictive models, since recent work shows that transparent machine learning can forecast business outcomes while preserving managerial interpretability (Mashhadi, Saghezchi, et al., 2025). They should also examine multi-group differences across public versus private banks, younger versus older customers, or branch-intensive versus digitally intensive users.

One path would extend the model by incorporating trust, reputation, or perceived fairness as boundary conditions rather than core mediators. A second path would examine whether customer sentiment conditions strengthen or weaken the conversion of satisfaction into commitment, since recent finance research shows that sentiment can meaningfully condition behavior in financial markets (Mojtahedi et al., 2025). A third path would examine the extent to which omnichannel banking experience—especially mobile, web, and branch integration—changes the relative importance of brand experience versus service quality.

Future research could also examine how digital banking interfaces reshape the relationship between customer experience, satisfaction, and commitment. This extension is particularly important as AI-based financial tools become more visible in customer-facing and advisory contexts, where algorithmic outputs may not be neutral but may reproduce systematic judgment biases in financial decision-making (Keshavarz et al., 2026).

Conclusion

We began with a simple but consequential question: how do Iranian banks create long-term customer value? Our answer is that they do so through a relational process. Brand experience and service quality matter because they generate satisfaction, and satisfaction matters because it helps build commitment. We find that commitment is the construct that most decisively transforms those upstream inputs into perceived customer lifetime value.

The baseline model supports a clear serial mediation process from brand experience and service quality to satisfaction, from satisfaction to commitment, and from commitment to PCLV. The extended model shows that satisfaction does not fully explain commitment formation: brand experience and service quality also have direct effects on commitment. This strengthens the substantive interpretation of the study. Banks build durable value not only by satisfying customers, but by giving them reasons to stay.

For Iranian banks, the practical message is clear. They should not manage brand experience, service quality, satisfaction, and commitment as separate dashboards. They should manage them as an integrated value-creation chain. When banks do so, they improve not only customer evaluations, but also the perceived worth of the relationship over time.

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