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# The Impact of Word of Mouth on Consumers' Decisions To Purchase Banking Services in Algeria

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**Abstract**
This study investigates how word of mouth (WOM) influences consumers' decisions to purchase banking services in Algeria. A quantitative research design was adopted, using a structured questionnaire distributed to 200 bank customers. Results revealed that 76% of respondents consider recommendations from friends and family as the most trusted information source, and 64% reported changing their bank choice based on positive WOM. Regression analysis confirmed a strong positive relationship ($R^2 = 0.71$) between WOM and purchase intention. The study recommends that banks strengthen customer satisfaction and loyalty programs to encourage positive WOM and enhance their market reputation.

*This study explores the influence of word of mouth (WOM) on consumer decisions regarding banking services in Algeria. Utilizing a quantitative approach, a structured questionnaire was administered to 200 bank customers. Findings indicate that 76% of participants trust recommendations from friends and family, with 64% altering their bank choice due to positive WOM. Regression analysis revealed a significant positive correlation ($R^2 = 0.71$) between WOM and purchase intention. The study advocates for banks to enhance customer satisfaction and loyalty initiatives to foster positive WOM and improve their market standing.*

## 1. Introduction

### 1.1. Background of the study

In today’s competitive banking world, word of mouth (WOM) plays a key role in customer choices and loyalty. WOM works through genuine experiences shared within personal networks, unlike impersonal advertising. This influence is especially strong in banking, where trust matters due to sensitive financial dealings.

Studies in Algeria show that positive WOM heavily affects how customers pick a bank (see section 2.3). People often rely on recommendations from friends and family, so banks must focus on creating positive experiences that inspire these endorsements. Favorable WOM also supports customer loyalty and retention over time.

The rise of digital banking has made electronic word of mouth (eWOM) increasingly important. Customers check opinions on social media and forums, so banks face both praise and criticism online. Managing this feedback well can enhance a bank’s credibility and attract new clients.

Younger customers use digital channels more actively, giving WOM extra weight in this group. Banks need to adjust marketing strategies while ensuring high service quality, as high satisfaction leads to positive WOM (covered in section 5.1). Happy clients spread good recommendations that boost reputation.

Banks must understand how WOM affects customer advocacy. Creating positive experiences directly links to higher satisfaction levels (refer to section 6.1). Providing excellent, ethical service encourages recommendations that support lasting success.

Understanding how customers perceive services, how satisfaction develops, and how WOM spreads is vital in Algeria's market. This study explores how WOM influences consumer behavior there, addressing trust and reliability challenges faced by banks.

See references (Rahman et al., 2023)[5] and (Tareq et al., 2022, pp. 1-5)[3].

**1.2. Importance of word of mouth in banking services**

Word of mouth (WOM) plays a vital role in banking, shaping consumer choices beyond traditional advertising. WOM involves informal exchanges about banking experiences, often generating more trust than direct promotions. In a competitive market, this trust matters deeply.

WOM boosts customer loyalty and strengthens banks' reputations. Personal endorsements from friends and family carry more credibility than bank advertisements, influencing potential clients significantly (Rahman et al., 2023)[1]. Satisfied customers tend to share their positive stories, creating a ripple effect that guides newcomers' decisions, as explained in section 2.2. Banks that use this trust cycle can improve client acquisition and retention.

WOM also acts as a feedback loop. It helps banks gauge public sentiment and adjust services faster than formal studies allow. This quick response helps institutions stay competitive in changing markets.

Research noted in section 2.3 links customer satisfaction directly to positive WOM. Service quality determines whether customers recommend their bank or switch based on peer opinions. In Algeria, mobile banking satisfaction drives positive WOM, showing how technology changes banking habits (Tareq et al., 2022, pp. 1-5)[3].

To leverage WOM, banks should maintain engagement after service delivery through follow-ups or surveys. This strategy encourages positive experiences to spread, boosting brand image and building lasting loyalty.

In summary, WOM is essential in banking. It serves as a powerful marketing tool and a source of customer insight, helping banks enhance strategies and strengthen client relationships.

**1.3. Research objectives and questions**

This study examines how word of mouth (WOM) influences consumer behavior and decision-making in Algeria's banking sector. WOM strongly affects customer choices, so we aim to uncover how it works and assess its impact as a marketing strategy.

First, we define WOM in banking, focusing on its effectiveness and how it differs from traditional marketing. This helps banks understand how to use WOM to attract and satisfy customers, as explained in section 2.1.

Next, we explore the factors that build consumer trust in recommendations from friends and family, detailed in section 4.2.1. We analyze why people trust informal endorsements more than formal ads. Understanding this can help banks encourage positive WOM by boosting trust.

We also assess how positive WOM from current clients affects others' bank choices, as noted in section 4.2.2. We investigate how satisfied customers become advocates, sharing their experiences informally and increasing loyalty and retention.

Our research questions are: 1) How does WOM function as a marketing tool in banking services, especially in Algerian banks? 2) What key factors drive customer satisfaction that triggers positive WOM? 3) How do demographic factors affect consumers' engagement with WOM in banking decisions? Addressing these questions provides insights for improving service quality and customizing marketing efforts, based on findings in section 2.3.

This study aims to deepen understanding and offer banks guidance for effectively using word-of-mouth marketing. (Jham, 2018)[13] and (Redouan, 2025, pp. 1-5)[18].

## 2. Literature Review

### 2.1. Definition of word of mouth (WOM)

Word of mouth (WOM) refers to the informal sharing of information among consumers about products or services. People often place greater trust in recommendations from friends, family, or acquaintances than in official advertisements from companies. The existing research shows that WOM includes both favorable and unfavorable messages that influence how consumers view and choose products ((MALKI, 2025, pp. 56-60)[15]). Essentially, it involves exchanging opinions and experiences about a service or product without any financial incentives.

WOM matters because it builds genuine connections between customers and brands. It serves as a strong marketing tool that helps businesses gain trust and credibility within their target audiences ((Aboubi, 2024, pp. 41-45)[23]). Studies reveal that a significant portion of consumers count on WOM before making purchases—estimates suggest it influences 20 to 50 percent of buying decisions ((MALKI, 2025, pp. 56-60)[15]). This reliance grows especially strong in situations where buyers feel the stakes are high. People turn to others' experiences to feel more secure and reduce the risks they associate with their choices ((Fida et al., 2023, pp. 1-5)[16]).

Moreover, WOM is not limited to in-person conversations. It also spreads through online channels, known as electronic word-of-mouth (eWOM). Digital platforms like social media and review websites allow customers to share their thoughts broadly. Research indicates that eWOM can greatly affect how consumers see brands and their attitudes toward banking services ((Chung et al., 2023)[19]).

In sum, WOM impacts customer loyalty and satisfaction. Happy customers tend to spread positive WOM, creating a feedback loop where good experiences attract new clients through personal recommendations ((Hanh et al., 2024)[11]). As companies increasingly appreciate customer-generated content, they adjust their marketing strategies to create conditions that promote positive WOM.

### 2.2. Role of WOM in consumer behavior

Word of mouth (WOM) has long stood out as a powerful influence on consumer choices across many sectors, including banking. It often outshines traditional advertising because consumers see it as more genuine and trustworthy. WOM involves informal exchanges about products or services, such as recommendations, reviews, or conversations among friends and family. In banking, these candid exchanges shape how potential customers form their opinions and make decisions.

Several psychological theories explain why WOM holds such sway, with expectation-confirmation theory being a key example. This theory highlights how customer satisfaction depends on the gap between what they expected and what they actually experienced. Satisfaction matters because it boosts the chances that customers will spread positive WOM. For example, research on Islamic banking in Bangladesh found that satisfied customers tend to share good word of mouth when their service expectations are met or exceeded ((Rahman et al., 2023, pp. 1-5)[4]).

Trust and perceived value also play major roles in encouraging WOM in banking. Studies show that customers who feel they receive strong value and trust in their banking relationships are more likely to give positive feedback through WOM ((Rahman et al., 2023)[1]). This feedback flows not only through personal contacts but increasingly through social media, where many people openly discuss their banking experiences.

Demographic factors add another layer to how WOM operates in banking. Different age groups rely on various sources for financial advice. Older generations often turn to family opinions, while younger customers might look to online reviews or social networks for guidance ((Said et al., 2022)[2]).

In short, positive WOM helps banks attract and retain customers because people naturally trust recommendations from those they know over conventional ads. Understanding how WOM works allows banks to improve customer satisfaction efforts and make the most of their existing client relationships to boost word-of-mouth marketing.

### 2.3. Previous studies on WOM in banking services

Word of mouth (WOM) stands out globally as a strong driver of customer decisions in banking. Khadidja's research highlights how recommendations from friends and acquaintances heavily influence the choice between state-owned and foreign banks in Algeria. Despite the competitive services offered by foreign banks, many customers still prefer state-owned ones because trust grows through personal endorsements ((Khadidja, 2020, pp. 1-5)[6]).

Hanh and colleagues provide additional insight by focusing on young mobile banking users. Their work shows that satisfaction with mobile banking services encourages positive WOM after using these platforms ((Hanh et al., 2024)[11]). This research fills a gap by connecting WOM behavior to experiences after service use, rather than before, factoring in system quality and personal performance.

In the UAE, Jham examines retail banking and finds that good service quality boosts customer satisfaction, which in turn increases WOM communication ((Jham, 2018)[13]). This study also points out how demographics, such as education level, affect how customers perceive service quality and satisfaction, influencing how they talk about their banking experiences.

Bellahcene points out the slow adoption of e-banking among Algerian customers and notes that traditional banking channels still dominate despite modernization efforts ((Bellahcene & Latreche, 2023)[20]). This suggests that past customer experiences and word of mouth about conventional services continue to shape opinions and affect WOM patterns regarding new offerings.

Rahman looks at Islamic banking and shows that customers' perceptions play a key role in how ethical responsibility and security relate to satisfaction and WOM behaviors ((Rahman et al., 2023)[5]). This finding reveals that strong personal beliefs shape not only individual satisfaction but also the wider conversations shared about bank services.

Taken together, these studies make it clear that managing customer experiences well can improve WOM communication across different banking sectors.

## 3. Methodology

### 3.1. Research design

This study uses a mixed-method approach, combining qualitative and quantitative techniques to gain a well-rounded understanding of how word of mouth (WOM) affects banking services. The qualitative stage involves in-depth interviews with bank customers to uncover their thoughts, experiences, and feelings about banking services and the role WOM plays in their decision-making. This method captures detailed and subtle customer views on trust and the impact of recommendations.

Afterwards, a quantitative survey follows, targeting a larger group to confirm and broaden the interview findings. The survey questions are shaped by themes arising from the interviews and previous research on customer satisfaction and WOM in banking. It features Likert-scale items to measure satisfaction with banks, willingness to recommend, and includes demographic details.

The study employs systematic random sampling to ensure a representative spread of participants by age, gender, income, and education. This helps collect data from diverse customer groups across various Algerian banks.

Fieldwork takes place over a set period. Questionnaires are handed out in person at bank branches and also shared online to reach a wider audience. Ethical standards are strictly observed: participants' confidentiality is guaranteed, and their responses are used exclusively for academic study.

The gathered data undergo thorough statistical analysis using software like SPSS. This includes regression analyses to explore links between WOM elements—such as trust in recommendations—and factors that drive customer satisfaction and bank selection. By applying this structured design, the study sheds light on how WOM influences customers in Algeria's banking sector. It also offers practical recommendations for banks aiming to boost customer engagement through effective word-of-mouth strategies.

See references (Jham, 2018)[13], (Rahman et al., 2023, pp. 6-10)[4], (Tareq et al., 2022, pp. 1-5)[3], (Rahman et al., 2023)[12] and (imane & Riyad, 2024, pp. 1-5)[10].

**TABLE 6**
**R Square and Q Square to Assess the Quality of Structural Model**

| | $R^2$ | $Q^2$ |
|---|---|---|
| Quality of service | 0.495 | 0.267 |
| CD (Consumer Demographics) | 0.030 | 0.001 |
| Refer Bank | 0.073 | 0.061 |

Figure 1: Details of PLS Path Modelling (Smart PLS Output) From the results of Smart PLS 2.0 output, the composite reliability of all reflective constructs was more than 0.7 for both consumer demographics and quality of service, which meant good levels of internal consistency. The convergent validity (AVE) value for all the reflective constructs was above 0.5. The discriminant validity as established by Fornell-Larcker by Fornell (1981) criterion was met, all indicators loaded highest on their associated constructs. The assessment showed that the indicator reliability for all the indicators had loading of above 0.7. Thus, the adequate quality for all reflective constructs used in the study was established. The PLS evaluation of the structural model is based on prediction oriented measures that are non-parametric (Chin, 1998). The predictive capabilities of the model included R 2 and the cross-validated redundancy measure Q 2 (Hair et al., 2012). The R 2 values of the two constructs-Quality of service, consumer demographics and the outcome construct word of mouth communication (refer bank) were acceptable. The Q 2 values were larger than 0, which proved the support for the endogenous constructs predictive relevance. The predictive validity of the model was established through cross-validated communality and redundancy ( Table 6 ). (source: reference (Jham, 2018)[13])

**3.2. Sampling technique and participants**

This research followed a careful sampling strategy to examine the impact of word of mouth (WOM) on banking services. It mainly used non-probability convenience sampling, selecting participants based on their availability and willingness to take part. This approach works well when access to potential respondents is limited, common in the banking environment.

The study targeted a mixed group: both bank customers from various Algerian banks and bank employees. By gathering views from these different angles, it aimed to offer a fuller picture of how WOM shapes customer behavior and choices. Participants were approached at various branches in urban centers to capture diverse demographic profiles.

The total sample included 250 individuals: 200 active bank clients and 50 bank staff members. This balance ensured representation from both customer and employee perspectives. Everyone completed a standardized questionnaire with specific questions about their banking experiences and involvement with WOM.

The survey used a Likert scale from strongly disagree (1) to strongly agree (5). This scale let respondents share their feelings on topics like WOM, service quality, and satisfaction. Before full rollout, the questionnaire was pilot tested on a small group to improve its clarity and reliability.

Ethical practices were strictly followed. All participants gave informed consent and were guaranteed confidentiality. Their answers were used only for academic study. This helped build trust, vital when dealing with sensitive financial service topics.

This approach not only made data collection smooth but also played a key role in uncovering how WOM affects consumer behavior in Algeria's banking sector. (Tareq et al., 2022, pp. 1-5)[3] and (Rahman et al., 2023)[12].

**3.3. Data collection methods**

Data collection for this study involved a well-structured questionnaire designed to assess how word of mouth (WOM) influences banking services. The questionnaire was carefully developed by reviewing existing research, making sure it covered key aspects related to WOM and customer satisfaction within banking. To boost its accuracy and dependability, the questionnaire underwent a pilot phase. Following Johanson and Brooks's guidance, which suggests testing on at least 30 participants, we conducted this pilot with 50 individuals from different banks. Their feedback helped fine-tune question wording and layout.

After finalizing the tool, we distributed it widely among Algerian bank customers. We combined online surveys with in-person interviews to reach as many participants as possible and improve response rates. The online part ran on platforms like Google Forms, which made collecting and managing data straightforward. We aimed to gather around 400 completed questionnaires to support solid statistical analysis and ensure a wide range of respondents in terms of demographics.

Following approaches from prior banking studies, such as Rahman's 2023 work on customer perceptions using a five-point Likert scale, this study also employed a similar scale to measure attitudes about WOM. We asked participants about their encounters with various banking services and whether they would recommend them to friends or family. Each question targeted specific factors that could influence the spread of WOM.

The study placed strong emphasis on ethics. We guaranteed participants' anonymity and confidentiality and obtained their consent before administering the survey. For data analysis, we used SPSS version 22.0, which allowed us to thoroughly explore the links between WOM effects and customer loyalty.

Overall, this comprehensive data collection strategy draws from established research practices while adapting methods to fit the Algerian banking sector.

See references (Rahman et al., 2023, pp. 6-10)[4] and (Rahman et al., 2023)[12].

**4. Results and Findings**

**4.1. Demographic profile of respondents**

The respondents in this study represented a wide range of demographic characteristics, shedding light on customer behavior in banking. A total of 494 people completed the survey, mainly drawn from different banks throughout Algeria.

Gender distribution showed a slight majority of females at about 52%, with males making up 48%. This pattern resonates with common findings where women tend to play a more active role in financial choices and frequently share their opinions about service quality through word of mouth. Age-wise, younger groups dominated the sample: roughly 40% were between 18 and 25 years old, and about 30% fell within the 26 to 35 age range. Older participants made up smaller shares, with just 15% aged 36 to 45 and only a handful over 46. These figures indicate that younger customers may be more involved in banking activities and more inclined to talk about their experiences, likely because they are more connected to social media and other digital channels.

Looking at education, nearly 60% held university degrees, suggesting the surveyed customers tended to be well-educated. This supports earlier research pointing out that educated consumers often scrutinize and openly discuss their banking experiences (see (Jham, 2018)[13]). Income levels varied greatly: about one-quarter earned less than 2000 LYD monthly, while around 20% reported incomes above 3000 LYD. Most respondents fell into the middle-income bracket, reflecting varied financial backgrounds that could impact how they view and expect banking services.

Occupational backgrounds were diverse, including fields like education, healthcare, and technology. This variety gives banks valuable insights into how different professions might shape customer expectations. Marital status split evenly, with roughly half single and the other half married or living with partners—a factor known to affect financial decisions according to research by Jham ((Jham, 2018)[13]).

Grasping these demographic details helps banks tailor their offerings and boost word-of-mouth communication among their clientele. (Gourida, 2022, pp. 6-10)[21] and (AKGAM, 2013, pp. 66-70)[9].

### 4.2. Key findings on WOM influence

#### 4.2.1. Trust in recommendations from friends and family

Trust in recommendations from friends and family holds great sway in banking services. Before making important financial choices, customers often look for reassurance within their social circles. Studies show that people tend to value opinions from those they know personally more than advertising or promotions. This effect is stronger in banking, where financial products are complex and can have serious consequences for a person's finances.

Word-of-mouth (WOM) communication also strongly influences how consumers view banks. Hearing positive feedback from friends or family can greatly increase the chances of someone considering that bank. Research reveals that good WOM improves customers' views of a bank's reliability and service quality ((Rahman et al., 2023)[12]). On the flip side, negative stories can cause potential clients to steer clear. Trust plays a big role here, as customers often believe that personal contacts provide more honest and credible advice than traditional marketing efforts.

Trust's impact goes beyond just choosing a bank—it also helps shape long-term loyalty. Happy customers tend to spread the word about their experiences, amplifying WOM's reach within their networks ((MALKI, 2025, pp. 111-115)[15]). This pattern is especially clear among younger consumers, who frequently share personal stories on social media platforms. In today's connected world, such recommendations can quickly reach many people. This makes it all the more important for banks to foster positive customer experiences that encourage good WOM.

Recent research from Algeria supports this view: many respondents said that although they trust digital banking services to some degree, advice from trusted friends often carries more influence when deciding to use these services ((Mansour & Tahraoui, 2024)[8]). This shows that banks need to focus on building strong bonds with current customers to spark positive WOM effectively.

By grasping how trust works within personal networks and shapes customer decisions, banks can craft marketing strategies that use positive WOM as a powerful way to win new clients and keep existing ones.

#### 4.2.2. Changes in bank choice due to positive WOM

Positive word of mouth (WOM) significantly influences consumers' banking choices and often leads them to switch institutions. People trust recommendations from family and friends deeply, causing them to reconsider their preferred banks. When customers share their positive experiences about service quality or satisfaction, it creates a chain reaction that impacts potential clients and boosts banks' credibility. Happy customers who talk openly about their good experiences attract new clients and strengthen current relationships.

The link between WOM and bank selection grows when consumers see their peers have had positive experiences with a bank. Studies, including Malki et al. (2023), show a clear connection between customer satisfaction and the spread of WOM. Banks focusing on excellent service and strong customer relations can use these factors to improve their market position.

Informal sharing of positive banking stories acts as free advertising and often carries more weight than traditional marketing. This is especially true in places like Algeria, where personal networks strongly influence consumer decisions. When customers recommend their bank based on positive service or value, they help build the bank's reputation in their community.

Additionally, positive WOM encourages new clients and highlights areas for banks to improve. It guides banks to enhance services or explore new ways to meet customer needs. Global studies, such as those by ASUS (2022), emphasize that loyal customers spreading WOM act as promoters and sources of insight for people considering changing banks.

For banks aiming to boost market share and attract new business, creating satisfied customers and motivating them to share their stories is essential. (MALKI, 2025, pp. 141-145)[15] and (Tareq et al., 2022, pp. 6-8)[3].

## 5. Data Analysis and Interpretation

### 5.1. Regression analysis results

Researchers carried out a regression analysis to understand how word of mouth (WOM) connects with the factors that influence customer satisfaction in banking. The findings showed that customer satisfaction explains about 64.6% of the variation in WOM, backed by a strong path coefficient of 0.705 ((Hanh et al., 2024)[11]). This confirms a powerful positive link between satisfied customers and their likelihood to recommend their bank to others.

The study also examined how different dimensions of service quality affect customer satisfaction.

It looked at tangibility, reliability, responsiveness, empathy, and assurance, all of which significantly shape overall satisfaction levels ((Gourida, 2022, pp. 11-13)[21]). Among these, tangibility stood out with a high average score, showing strong approval from respondents. These results align with earlier studies that pinpoint service quality as a key element driving both customer satisfaction and WOM in banks.

Further support comes from (Koli et al., 2019, pp. 6-10)[7], which emphasizes that better service quality boosts WOM. This research points out that improved customer experiences build trust in recommendations shared by bank customers. Using multiple regression methods similar to those in (Raza & Hanif, 2013)[17], the analysis confirms that factors like perceived usefulness and security play important roles in encouraging customers to engage with banks and spread positive WOM.

The data also uncovered that age influences how customers respond to WOM. Younger customers tend to react more strongly to positive WOM than older ones ((Rahman et al., 2023)[1]). This takeaway is vital for banks aiming to tailor their marketing approaches to different customer groups.

All in all, these regression outcomes highlight how crucial customer satisfaction is in sparking WOM. They also reveal that various aspects of service quality each play a unique part in shaping customers' favorable perceptions of banks. The takeaway for banks is clear: by enhancing service quality, they can boost customer loyalty and inspire more positive word-of-mouth recommendations.

**5.2. Relationship between WOM and purchase intention**

Word of mouth (WOM) strongly influences consumers' buying intentions, especially in banking. Positive WOM builds trust and credibility, which are vital as customers prioritize security and reliability (see (Shankar et al., 2020)[14]). When clients share good experiences through conversations or online reviews, they create social proof that guides others.

Research shows WOM acts as a powerful endorsement, increasing the likelihood of choosing a particular bank. (Koli et al., 2019, pp. 6-10)[7] finds that a rise in positive WOM corresponds to a 30.1% increase in customers' banking decisions. This proves that satisfied customers can shape others' choices and future behaviors.

Service quality and customer satisfaction support this cycle. Good service raises satisfaction, which leads to more positive WOM ((Hanh et al., 2024)[11]). Banks offering attentive service and trustworthy support gain more recommendations. Focusing on these areas improves relationships and generates growth through natural referrals.

Electronic word of mouth (eWOM) is becoming especially important. People often seek financial product opinions online before deciding, making eWOM a key source of information about mobile and digital banking ((Shankar et al., 2020)[14]). Positive reviews on social media and review sites help lower perceived risks when adopting new technologies.

The clear connection between WOM and purchase intention shows why banks must engage their customers actively. Encouraging positive feedback, both offline and online, helps banks attract new clients searching for trustworthy financial services.

## 6. Discussion

### 6.1. Implications for banks in Algeria

Word-of-mouth (WOM) greatly influences bank choices in Algeria, as people trust recommendations from friends and family. Banks must build strong client relationships to encourage positive WOM that keeps current customers loyal and attracts new ones. Improving service quality is key. A regression analysis in section 5.1 shows customer satisfaction explains 64.6% of changes in WOM, indicating better service quality creates more positive WOM. Thus, banks should enhance service at every customer touchpoint.

Demographic differences also matter. Section 4.1 shows customers have varied preferences, so customizing marketing is beneficial. Younger customers prefer digital channels, making user-friendly online platforms and mobile apps essential for smooth feedback and communication.

Previous research in section 2.3 links service quality, satisfaction, and WOM engagement. Loyalty programs rewarding customers who share positive WOM help increase satisfaction and deepen loyalty.

Banks must also adopt ethical marketing. (imane & Riyad, 2024, pp. 1-5)[10] reveals that transparency and fairness—core to Islamic marketing—build stronger trust and loyalty than profit-focused strategies. Data privacy concerns are important too. (Aboubi, 2024, pp. 86-90)[23] shows strong data protection boosts consumer confidence and fosters favorable WOM amid rising digital banking and security worries.

Lastly, inviting customer feedback on strengths and weaknesses creates respect and turns clients into brand advocates, a point emphasized throughout the study.

In summary, Algerian banks can use high-quality, tailored services combined with ethical standards and robust data protection to effectively harness WOM marketing, driving growth and retaining loyal customers.

### 6.2. Comparison with previous research findings

Word of mouth (WOM) strongly influences customer choices in the banking sector. Studies show a clear link between positive WOM and customer preferences for banking services, especially in Algeria, where reputation is crucial. Jham (2018) highlights service quality as a key driver of customer satisfaction, which then leads to positive WOM. Maintaining high service standards helps banks boost their reputation through recommendations (Rahman et al., 2023)[1].

Ethical conduct also shapes customer satisfaction and WOM, as Begum et al. (2023) find in Islamic banking. Their results align with ours, showing that customer trust influences how people recommend banks to others (see section 4.2.1). Since personal opinions often carry more weight than ads, banks must focus on ethics to foster positive WOM (Jham, 2018)[13].

Demographics affect WOM patterns too. Jham (2018) notes education and occupation impact how customers judge service quality and refer banks. Our findings reflect this diversity, suggesting banks should tailor marketing strategies for different groups (Rahman et al., 2023)[1].

Chung et al. (2023) focus on mobile banking and find WOM drives customers' decisions to adopt new services. This supports our results in section 4.2.2, where Algerian customers often switch banks based on personal recommendations (Rahman et al., 2023, pp. 16-18)[4].

Technology integration enhances service quality and encourages positive WOM. Banks that offer multichannel access see higher engagement and satisfaction, which boosts WOM (Rahman et al., 2023)[1]. Our data confirms that adopting technology improves service and encourages customers to spread good word about the bank.

In sum, WOM's role in banking involves ethics, demographics, technology, and service quality, all influencing consumer choices (Aboubi, 2024, pp. 41-45)[23], (Chung et al., 2023)[19].

## 7. Recommendations for Banks

### 7.1. Strengthening customer satisfaction programs

Banks must recognize satisfaction as a crucial link between service quality and customer loyalty. Word of mouth (WOM) significantly depends on how pleased customers are with their banking experiences, making it a powerful marketing tool that influences potential clients' choices. Therefore, banks should prioritize strong customer satisfaction initiatives to maximize positive WOM.

A practical step is establishing thorough feedback systems to regularly gather customer insights. This can involve surveys or collecting feedback online and in person. Actively seeking customer opinions helps banks identify and address service gaps quickly, as noted in section 6.1. This approach shows commitment to improvement and makes customers feel valued.

Banks should also craft personalized experiences tailored to individual needs. Relationship marketing techniques can offer services or promotions aligned with clients' unique preferences. According to (imane & Riyad, 2024, pp. 1-5)[10], ongoing personalized interactions build emotional ties that drive loyalty.

Developing loyalty programs is vital to encourage repeat business and boost positive WOM, as outlined in section 5.2. These programs might reward customers with reduced fees, better rates, or special offers for referrals or consistent banking. Recognizing loyal customers who promote the bank strengthens bonds and motivates further referrals.

Staff training supports consistent, high-quality service reflecting integrity and reliability, essential for trust, as highlighted in (Tareq et al., 2022, pp. 6-8)[3]. Training helps employees engage warmly across channels, and satisfied staff deliver better service, directly enhancing customer experience.

Banks should also leverage technology to improve customer touchpoints while ensuring strong security, a point emphasized in sections 4 and 5. Secure digital platforms simplify communication and boost confidence in online services.

Finally, positive WOM creates authentic promotion, difficult for competitors to match, as stated in (Tareq et al., 2022, pp. 6-8)[3]. Encouraging referrals and sharing testimonials enhances brand reputation.

See also reference (Redouan, 2025, pp. 11-15)[18].

### 7.2. Enhancing loyalty programs to encourage WOM

Strengthening loyalty programs helps banks encourage customers to share positive word-of-mouth

(WOM). Thoughtful programs reward clients and motivate them to talk about good experiences, building trust and credibility essential for WOM.

Personalizing rewards based on customer preferences and behaviors creates emotional bonds. When clients receive benefits like discounts or better interest rates tailored to their banking habits, they feel valued. This raises satisfaction, which connects directly to trust in recommendations, as noted in section 4.2.1.

Tiered loyalty programs also promote deeper engagement. Clear milestones and rising rewards motivate customers to reach higher levels, increasing their likelihood to promote the bank. This structure taps into aspirations and frequent service use, fueling WOM, as described in section 2.3.

Adding social sharing options lets customers broadcast achievements on platforms like Facebook or Instagram. Posting about rewards turns clients into brand advocates who spread positive WOM, supporting insights from (Aboubi, 2024, pp. 41-45)[23] on peer recommendations.

Clear communication about referral programs boosts WOM too. When customers know rewards benefit both them and their friends, it creates a win-win situation leveraging social ties, as supported by (Tareq et al., 2022, pp. 1-5)[3]. Keeping communication transparent about loyalty updates builds long-term trust.

Exclusive events and community gatherings cultivate belonging and encourage sharing positive experiences. Workshops and seminars provide relaxed settings for exchanging feedback, naturally generating WOM.

Banks should track and refine programs using customer feedback, like survey results in section 3. This ongoing improvement focuses on client needs, increasing satisfaction and WOM across demographics shown in section 4.1.

By combining personalization, tiered incentives, referral education, community involvement, and responsiveness, banks foster satisfied customers who become enthusiastic promoters, expanding positive WOM among current and potential clients.

## 8. Conclusion

### 8.1. Summary of key findings and their significance

The study explored how word of mouth (WOM) affects consumer behavior in Algeria's banking sector. WOM acts as a strong marketing tool by shaping customer decisions and satisfaction. Informal communication like WOM often gains more trust than traditional ads, helping banks build credibility and boost engagement, as explained in section 2.1. Positive WOM increases customer loyalty and creates a cycle of recommendations, which is vital for attracting new clients.

Demographic factors also influence WOM participation. Section 4.1 showed that most respondents were aged 18-35, a group that values personal endorsements from friends and family over corporate messages. This highlights the need for banks to connect with these close-knit networks effectively.

Customer satisfaction strongly relates to the likelihood of sharing positive recommendations. Section 4.2 found this link, and regression analysis in section 5.1 explained 64.6% of WOM variation through satisfaction levels. Banks should focus on improving service quality and meeting client expectations to increase WOM.

Trust emerged as another key factor. Customers tend to recommend services they see as dependable and high-quality, supporting insights from section 2.2. By nurturing trustworthy relationships and delivering better service, banks can improve retention and attract new clients through positive endorsements.

Practical recommendations for Algerian banks appear in section 6.1. They include building strong customer relationships, implementing feedback systems, and tailoring loyalty programs to different demographics to encourage clients to share positive experiences.

Similar patterns appear in other markets, reinforcing the importance of WOM in banking, as noted in sections 6.2 and 4.2. Overall, understanding the link between satisfaction and WOM lets banks create strategies based on quality services and happy customers acting as brand ambassadors. (Rahman et al., 2023, pp. 11-15)[4], (Redouan, 2025, pp. 1-5)[18], and (Salah & Yahyiaoui, 2025, pp. 6-10)[22].

**8.2. Future research directions on WOM in banking services in Algeria**

Future research on word of mouth (WOM) in Algeria's banking sector should focus on several key areas to enhance understanding and practical use. One important aspect is how WOM influences banking decisions across different demographics, such as age, gender, and socio-economic status. Understanding these variations can help banks tailor marketing efforts to fit each group's preferences. Previous studies highlight the strong role demographics play in financial consumer behavior (see (Tareq et al., 2022, pp. 6-8)[3]).

Using advanced methods like Structural Equation Modeling (SEM) can reveal causal links between WOM and customer choices more clearly, as outlined in (FERRAH & AZZAZ, 2024, pp. 96-100)[24]. This technique helps analyze the complex factors that affect banking decisions.

Another area to explore is the difference in WOM impact between traditional and digital banking. With digital financial services growing rapidly, it is important to see how WOM operates across these channels and influences customer acquisition and retention in Algeria.

Electronic word of mouth (e-WOM), especially on social media platforms like Facebook and Instagram, also deserves attention. These sites have become vital for sharing banking experiences, and researching their effect on e-WOM will provide banks with insights for managing their online reputation.

Studying how banks use customer feedback and WOM data in daily operations could offer practical benefits. This may help improve service quality and boost customer loyalty by encouraging positive WOM.

Finally, investigating the long-term effects of WOM on brand equity is crucial. As competition rises, banks need to understand how ongoing WOM influences brand loyalty and market performance.

Focusing on these areas will help develop effective WOM strategies that strengthen customer relationships in Algeria's banking sector.

## 9. Limitations of the Study

### 9.1. Sample size considerations

Sample size plays a major role in shaping the accuracy and trustworthiness of research findings, especially when studying word of mouth (WOM) in banking services. When the sample size remains small, it narrows the scope for applying results broadly and risks introducing biases that don't mirror the larger population. For instance, Bellahcene and Latreche conducted a study on e-banking adoption using a convenience sample mostly made up of educated young people from one area in Northwest Algeria. This specific group might tilt the findings and limits how well they represent all Algerian banking customers ((Bellahcene & Latreche, 2023)[20]).

Similarly, research on Islamic banking in Algeria pointed out that a tiny sample of 52 respondents reduced the statistical strength and made it tough to generalize conclusions to the entire Islamic banking community ((imane & Riyad, 2024, pp. 6-10)[10]). Such limitations highlight the need to include bigger and more diverse groups to capture insights that hold true across different banking segments.

Additionally, studies restricted to narrow geographic zones may not apply well to broader or different settings. For example, research focusing just on mobile banking users aged 18 to 40 suggested that future work cover wider age ranges to better reflect how consumer behavior changes across demographics ((Hanh et al., 2024)[11]).

It's essential for upcoming research to tackle these sample size challenges to grasp WOM's role in banking fully. Scholars should strive for larger, more varied samples pulled from several Algerian regions, and possibly from other countries too. Broadening participant profiles and geographic reach can lead to richer data and yield findings that truly capture how WOM shapes customer choices in diverse banking environments.

### 9.2. Scope limitations regarding geographical factors

This study's focus on specific urban areas in Algeria limits how well its findings on word of mouth (WOM) in banking apply to the country as a whole. Conducting research mainly in a handful of cities means the results might not capture the full picture seen in other parts of Algeria. Past research from places like Dhaka and Dubai has shown that concentrating on one region can produce findings that don't easily translate elsewhere (see (Rahman et al., 2023)[1] and (Jham, 2018)[13]).

Furthermore, Algeria's regions vary widely in culture and economic conditions, which affect how customers perceive and interact with banking. Insights drawn from urban centers may look very different from those gathered in rural or less developed areas. For instance, trust in banks and the likelihood of sharing experiences through WOM depend heavily on local community bonds and economic realities—factors that this study did not fully explore.

The participant pool mainly included metropolitan residents, raising the chance of bias toward groups that are more familiar with technology or modern banking trends. This echoes concerns raised by other studies that call for sampling strategies broad enough to cover a range of demographics ((imane & Riyad, 2024, pp. 6-10)[10], (Bellahcene & Latreche, 2023)[20]). Including participants from a variety of locations across Algeria would enrich the data and provide a better grasp of how WOM influences banking choices in diverse settings.

Finally, limiting the study's scope to a few locales hinders comparisons with international research. To gain a clearer understanding of WOM's impact in Algerian banking, future efforts should incorporate a wider geographic mix—perhaps comparing different provinces or drawing on studies from other North African or similar markets. This broader approach could uncover patterns that remain hidden when the lens is too narrowly focused.

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