The Role of Artificial Intelligence in Consumers' Brand Preference for Retail Banks in Pakistan

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Abstract

Artificial Intelligence (AI hereafter) is changing the way retail banking operates by transforming customer interactions, improving service customization, and impacting brand loyalty. This study explores the effect of AI-driven marketing initiatives on consumer brand preference and repurchase intention in Pakistan's retail banking sector while examining the intricacies between AI marketing efforts, brand experience, brand preference, and repurchase intention. Chatbots, digital banking platforms, and personalized suggestions are examples of AI technology that banks are incorporating to increase customer engagement and strengthen brand relationships. The study uses a quantitative approach, gathering information from 300 banking clients in Lahore, Pakistan, via a structured survey. The study deploys mediation analysis using structural equation modeling (SEM). Results show that AI-powered marketing initiatives greatly improve brand experience, which in turn has a positive impact on repurchase intention and brand preference. Brand experience is a key factor in mitigating the effect of AI marketing initiatives on customer loyalty, according to mediation analysis. These findings highlight AI's ability to increase brand engagement, which adds to the expanding body of studies on the topic in banking.

Keywords: *Artificial Intelligence, Brand Preferences, Purchase Intentions, Chatbots*.

INTRODUCTION

AI is a branch of science and technology that creates smart computers and machines to carry out a variety of human tasks, like intellectual tasks. It is a system that simulates certain tasks that people can perform (Bhbosale et al., 2020). AI is transforming many industries by providing creative solutions like boosting output and reducing costs (Herrod & Papas, 1989) and includes the development of computer systems that can perceive, learn, solve problems, make decisions, and recognize language. It can analyze a vast amount of data using different types of methods, such as natural language processing, computer vision, deep learning, and machine learning, and utilize the results to generate predictions or choices (Malik et al., 2024). AI has applications in the fields of healthcare, electronics, software development, education, games, pharmaceuticals, engineering, and communication (Bhbosale et al., 2020).

The banking industry has successfully embraced this new technology in its services and operations (Steeve, 2018). Front-office applications like voice assistants and biometrics, middle-office applications like complex legal and compliance workflows and anti-fraud risk monitoring, and back-office applications like credit underwriting with smart contract infrastructure are just a few of the ways AI is being applied in banking. The use of AI in the Banking sector cannot be emphasized enough, as its potential benefits are recognized by almost 80 percent of US institutions (Biswas et al., 2020; Fares et al., 2022). The incremental use of AI has not only increased service personalization for clients but also boosted efficiency and reduced costs by managing internal process automation (Bhattacharya & Sinha, 2022).

The recent times have witnessed an upsurge in online banking as it provides great utility and ease to conduct various bank-related activities. The banking industry in Pakistan has undergone phenomenal transformations due to AI in the 62 years of banking history (Hassan, Malik et al., 2013). Although AI technologies are appealing and have significant implications for the banking industry, there are a number of barriers to their widespread implementation. The primary cause of this is a lack of awareness regarding AI technology among customers (Rahman et al., 2023). AI adoption in Pakistan's banking sector is still in its early stages, with a limited understanding of its impact on consumer behavior. While global studies highlight AI's positive role in branding, the findings in Pakistan remain inconsistent. Some consumers appreciate AI's convenience, while others are frustrated by the lack of human interaction and technical errors (Ho & Chow, 2023). Banks also face challenges like limited expertise, high costs, and managerial hesitation (Lazo & Ebardo, 2023). There is a lack of empirical evidence on how AI marketing activities affect brand experience, preference, and repurchase intention in Pakistan. While customers around the world have switched to online banking, many residing in the underdeveloped areas in Pakistan still utilize branch banking because the majority of them lack formal education or are simply intimidated by internet banking (Anjum et al., 2017).

The banking industry needs to adapt to how customers view financial innovations, particularly with regard to AI. Consequently, in order to compete within the banking sector, it's critical to comprehend what customers know, particularly about AI technologies. This provides the premise for our study, which aims to investigate the role of AI marketing activities provided by the banks and consumers' brand experience. This exploratory research fills the gap by addressing the consumer perspective on the AI marketing activities, Brand experience, Brand preference,

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and Repurchase intention of their banking services in Pakistan.

LITERATURE REVIEW

Mediating Role of Brand Experience with Brand Preference

AI refers to the ability of machines to simulate human intelligence to perform tasks such as learning, decision-making, and problem-solving. In recent years, AI has become a defining technology, transforming business operations across industries by increasing efficiency, personalization, and cost-effectiveness (Ali et al., 2023; Sage et al., 2023). In Pakistan, the rapid adoption of AI by financial institutions underscores its significance in transforming traditional banking operations, encompassing fraud detection, customer service, risk management, and credit evaluation (Ahmed et al., 2024; Manta et al., 2024). AI-driven technologies, including machine learning, natural language processing, and robotic process automation, are redefining consumer experiences in financial services. These advancements allow banks to deliver highly customized and accessible services, responding effectively to evolving market demands and competitive pressures (Gyau et al., 2024). However, extrapolating findings from developed economies to emerging markets like Pakistan can be challenging due to economic volatility, infrastructure limitations, and cybersecurity threats (Naeemi et al., 2024).

Recent technological improvements in banking have transformed customer experiences. Traditional banking, which relied on human support, has evolved into AI-powered self-service systems, enabling customers to conduct tasks independently and conveniently. AI plays a key role in enhancing customer interactions and personalizing marketing communications (Sheth et al., 2022; Senyapar, 2024). Banks now utilize AI tools, such as chatbots, to deliver tailored content, provide instant query resolutions, and foster deeper customer-brand engagement (Fares et al., 2022; Haleem et al., 2022). Privacy and data protection remain key concerns for consumers engaging with AI services. Trust in the institution is essential for customers to willingly share personal information and fully adopt AI-based services. This trust, in turn, enhances brand experience and long-term customer satisfaction. Predictive analytics, supported by AI, contributes significantly to fraud prevention and risk management in digital banking, further improving service reliability and consumer trust (Aziz & Andriansyah, 2023).

Brand experience is defined as the emotional, sensory, cognitive, and behavioral responses customers have when interacting with a brand (Oklevik et al., 2024). AI technologies, such as intelligent chatbots and personalized financial tools, positively shape these dimensions of brand experience, increasing customer trust and perceived service value (Roberts-Lombard & Petzer, 2021; Patel et al., 2022). AI enables highly targeted marketing by offering customized financial advice and services, reducing the distance between banks and consumers, and making access to information and services easier (Chung et al., 2020; Narang et al., 2024). As banking becomes increasingly digitized, AI technologies such as blockchain and machine learning contribute to improved personalization, security, and customer insight. This shift supports stronger brand experiences and enhances consumer perceptions of trust and reliability (Sarwal et al., 2024; Faisal et al., 2024). Ultimately, AI-driven brand experiences foster brand preference, encourage long-term loyalty, and provide banks with a sustainable competitive advantage (Prieto et al., 2023). Therefore, the present study proposed the following hypothesis.

H1: Brand experience significantly mediates the relationship between AI marketing activities and brand preference in the retail-banking sector in Pakistan.

Mediating Role of Brand Experience with Repurchase Intention

AI has a significant influence on the banking industry in Asian countries such as Pakistan. Numerous studies have highlighted the transformative role of AI in improving customer service, streamlining operations, enhancing operational efficiency, enabling precise risk assessment, and detecting fraud. In Pakistan, AI is still developing but presents promising opportunities for cost savings, improved customer satisfaction, and financial inclusion. As a result, the banking sector in Pakistan is gradually realizing the benefits of AI and is expected to continue integrating it to improve various business operations (Khuan et al., 2024).

AI has become a crucial tool in digital marketing, especially in terms of user retention and lead conversion. Techniques such as AI chatbots, intelligent email marketing, and interactive web design help banks better meet customer needs. By analyzing data, AI allows marketers to understand the most effective channels, timing, and content for reaching customers. Customized user experiences, enabled by AI, increase user comfort and encourage continued engagement with banking services (Haleem et al., 2022). Moreover, AI facilitates deeper online client analysis and enhances customer segmentation. This enables the delivery of personalized content through various channels like emails, in-app notifications, and SMS, tailored to each recipient's lifecycle stage. These capabilities improve customer engagement and lead to better conversion rates (Haleem et al., 2022).

Brand experience is a crucial concept in strengthening the bond between brands and consumers. It encompasses emotional, sensory, cognitive, and behavioral responses triggered by brand-related stimuli. Elements such as brand attitude, brand legitimacy, and brand equity are significantly influenced by brand experience. Furthermore, brand experience is strongly linked to customer satisfaction and brand loyalty, both of which are critical in shaping repurchase intention (Khan & Rahman, 2015). AI-generated content and sentiment analysis tools offer brands the ability to craft emotionally engaging and personalized storytelling. This allows for more meaningful customer interactions and strengthens the brand-consumer relationship. For example, sentiment analysis can adjust marketing messages in real time based on emotional reactions, ensuring relevance and emotional resonance (Limantara, 2024).

Customer satisfaction plays a key role in repurchase intention. Satisfied customers are more likely to return for repeat purchases and to recommend the brand to others. In the context of banking, repurchase intention may manifest as continued use of services or renewed contracts. Thus, positive brand experiences, shaped through AI-driven interactions, are crucial for fostering repurchase behaviors (Suhaily & Soelasih, 2017). AI enables marketers to enhance customer journeys through personalized marketing across digital platforms. These strategies include personalized social

media ads and content delivery based on user preferences and behaviors. AI also helps recognize and predict trends, enabling better targeting and increased conversions. When used effectively, AI technologies contribute to a deeper understanding of consumer needs and deliver tailored brand experiences that increase customer satisfaction and loyalty (Haleem et al., 2022).

By optimizing each customer interaction, AI supports businesses in sending the right message at the right time, ensuring relevance and encouraging repurchase. This data-driven personalization builds comprehensive consumer profiles, which are then used to create effective marketing strategies. Such efforts not only reduce operational burdens but also lead to better customer retention and higher repurchase intention (Haleem et al., 2022). The affective, behavioral, and intellectual interactions customers have with a brand significantly shape brand experience. Intellectual experiences stimulate memory and curiosity, while behavioral experiences encourage positive actions like word-of-mouth promotion. Positive brand experiences result in higher loyalty and increased likelihood of repurchase (Damavandi et al., 2022).

Overall, brand experience is formed across all points of customer interaction with a brand, including first exposure through advertisements, product usage, and customer service interactions. These multifaceted experiences shape how customers perceive and engage with the brand. A strong and consistent brand experience across all channels can effectively enhance repurchase intentions and build long-term consumer loyalty (Chen, 2012). AI also plays a vital role in marketing decision-making and client retention strategies. It aids in campaign optimization, market segmentation, and pattern analysis. Despite some implementation challenges, AI continues to be a powerful tool in enhancing customer interaction, driving repeat purchases, and improving brand experiences (Aarab et al., 2024). Hence, the present study proposed the following hypotheses.

H_2: *Brand experience significantly mediates the relationship between AI marketing activities and repurchase intention in the retail-banking sector in Pakistan.*

RESEARCH METHODOLOGY

The nature of this study is descriptive and cross-sectional. Data on the entire population from national registries or a sample of the relevant (sub) population serve as the foundation for cross-sectional studies. Whether they are based on data from the entire community or a representative sample, most cross-sectional, descriptive studies aim to estimate prevalence in the entire population under study (Kesmodel, 2018). A study variable is a characteristic or component that researchers measure, observe, or change to investigate its effects. AI-supported marketing systems can personalize the best services, have a beneficial effect, and increase brand preference in situations when proper decision-making is lacking. Increasing client interaction is AI's primary goal (Ameen et al., 2021). A customer's entire experience with a retailer, derived from their interactions and perceptions of the brand, is referred to as their brand experience. Cognitive aspects of a brand experience include a service's availability, speed, and functionality. If financial institutions meet the changing demands and expectations of their clients, the brand experience will be positive (Ameen et al., 2021).

The behavioral tendency that reflects a consumer's opinion toward a brand is known as brand preference. When consumers feel good about a brand, they will choose it over others. Customers influence their preferences and purchasing decisions through their contact with brands (Ho & Chow, 2023). The intention of a customer to reprise the behavioral act of purchasing the brand refers to the repurchase intention. A favorable brand experience may influence the desire to repurchase. Repurchase intention refers to a customer's readiness to return to a brand while considering their current circumstances (Ho & Chow, 2023). The audience for this research encompasses individuals who actively utilize banking services within Lahore, Pakistan. This includes a diverse range of customers who engage in various banking activities such as deposits, withdrawals, loans, investments, and other financial transactions offered by banks operating in Lahore, Pakistan.

The sample size consists of 300 individuals, both males and females, who actively utilized the banking services within Lahore, Pakistan. The sample was selected by using Kline's Item Response Theory. Kline Item Response Theory, who suggested the formula for the number of items in the questionnaire and multiplying it by 10 respondents from the target population, i.e., (Number of items in the questionnaire × 10 respondents from the target population), to get the best possible results for our target population. We used a standardized questionnaire for this study. Data was collected using a self-administered questionnaire with two sections. The respondent's demographic data, including banks, prior experience with AI services, age, gender, marital status, and educational attainment, was included in the first section. All of the questions about the variables were in the second part. A five-point Likert scale spanning from strongly disagree to strongly agree was employed, and the questionnaire was written in English. The details of item scales used in the questionnaire are given below.

Table 1: Measurement of variables

	Variables	item	Authors
1.	Interaction	3	(Cheng & Jiang, 2021)
2.	Information	3	(Cheng & Jiang, 2021)
3.	Accessibility	4	(Cheng & Jiang, 2021)
4.	Customization	4	(Cheng & Jiang, 2021)
5.	Brand experience	5	(Khan et al., 2016; Trivedi,2019)
6.	Brand preferences	6	(Ebrahim et al., 2016; Amoako et al., 2017)
7.	Repurchase intentions	5	(Herjanto & Amin, 2020)

The statistical tool used in this study is SPSS Statistics 21 Premium for testing hypotheses. The data was analyzed by using Smart PLS Correlation.

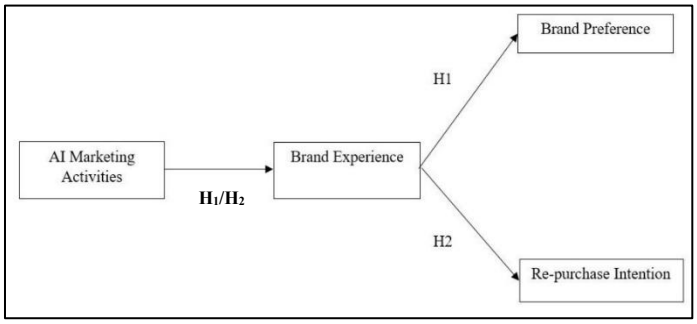

Figure 1: Theoretical Framework

DATA ANALYSIS

Table 2: Demographic variable analysis

		Frequency	Percent
BANK	National Bank of Pakistan (NBP)	31	10.3
	Habib Bank Limited (HBL)	60	20
	United Bank Limited (UBL)	48	16
	MCB Bank Limited	64	21.3
	Other	97	32.3
GENDER	No	86	28.7
	Male	119	39.7
	Female	181	60.3
MARITAL STATUS	Single	198	66
	Married	99	33
	Other	3	1
AGE	18-24	142	47.3
	25-31	87	29
	32-38	52	17.3
	39-46	14	4.7
	47 and above	5	1.7
EDUCATIONAL LEVEL	Bachelor's degree	203	67.7
	Master's degree	65	21.7
	Other	32	10.7

The table indicates the demographic features of the valid responses collected. There were more female respondents (60.3%) in the sample than male respondents (39.7%). The majority of the respondents (47.3%) belong to the age group of 18-24, whereas (29%) are of age 25-31, (17.3%) are 32-38, (4.7%) are of age 39-46, and (1.7%) are of age 47 and above. In terms of educational levels, the majority of respondents (60.7%) had a bachelor's degree, while 21.7% had a master's degree. Other educational credentials were used by the remaining 10.7%. Regarding marital status, 66% of respondents were single, while 33% were married and 1% were from other categories. For banking preferences, MCB Bank Limited had the highest number of respondents (21.3%), followed by Habib Bank Limited (20%), United Bank Limited (16%), and the National Bank of Pakistan accounted for 10.3% of respondents, while 32.3% used other banks. Experience with AI services was reported by 71.3% of respondents, whereas 28.7% had not used AI services in Banks.

4.2 Measurement Model

The measurement model refers to adding values to different indicators of a variable. The measurement model encompasses the evaluation of the quality of constructs, focusing on aspects such as reliability and validity.

Reliability and Validity Analysis

Factor loading determines how effectively each survey item represents its assigned construct. For a model to be considered reliable, factor loadings should be more than 0.70. However, in exploratory research, loadings between 0.50 and 0.70 may be acceptable, although loadings less than 0.50 are generally regarded as poor and may be removed from the model.

The factor loadings show the extent to which each item effectively represents its underlying concept in the context of AI marketing activities, brand experience, brand preference, and repurchase intention in the banking sector. A factor loading above 0.70 is considered strong, while ratings between 0.50 and 0.69 refer to a moderate impact. The majority of the items in the analysis fall under the moderate to strong range, which reinforces the reliability of the constructs. AI marketing activities exhibit moderate loadings with values ranging from 0.646 to 0.718, while brand experience shows the strong indicators (0.755–0.844) reflecting a well-measured construct. The brand preference and repurchase intention also reflect strong loadings with values exceeding 0.75, ensuring their robustness. However, one item, INT1 (0.601), falls within the moderate range, which indicates a relatively lower impact. Internal consistency reliability analysis was performed to examine whether the items used in the study could measure similar constructs in outcomes (Gefen, Straub, & Boudreau, 2000). Internal consistency reliability was determined by calculating composite reliability (CR) values. According to (Kamis et al., 2020), CR values between 0.6 and 0.7 may be acceptable for exploratory investigations, whereas values between 0.7 and 0.9 could be considered satisfactory for future investigations.CR values must exceed 0.7 to achieve adequate or sufficient internal consistency (Gefen, Straub, & Boudreau, 2000). Cronbach's Alpha (α>0.7) assesses the reliability of items used to assess constructs (Kamis et al., 2020).

Reliability is frequently evaluated by using Cronbach's Alpha and Composite Reliability. Results for both metrics are shown in the Table. Concerning AI's roles in the banking industry. Composite Reliability ratings range from 0.906 to 0.927, and Cronbach's Alpha values range from 0.870 to 0.915. All of the factors (AI Marketing Activities, Brand Experience, Brand Preference, and Repurchase Intention) are seen as reliable since values greater than 0.7 are regarded as acceptable. This suggests that the associated questions assess their respective constructs consistently. The Average Variance Extracted (AVE) for each latent variable is assessed to verify convergent validity. Convergent validity is confirmed when all of the AVE values are determined to be higher than the allowable threshold of 0.5 (Wong, 2013).

An AVE value above 0.5 indicates good validity, which guarantees that each factor accurately measures what it is supposed to measure. The table shows strong validity for Brand Experience (0.665), Brand Preference (0.633), and Repurchase Intention (0.659). Although AI Marketing Activities (0.478) is just below the threshold, it is sufficiently near to 0.5, which indicates that the constructs used to evaluate AI's impact on the banking industry are generally valid. Collinearity is when two or more indicators in a formative measurement model are highly connected. The variance inflation factor (VIF) is the standard metric used to assess indicator collinearity. Higher VIF values indicate increased collinearity. VIF readings of 5 or more suggest overlap issues (Hair Jr et al., 2021).

Table 3: Assessment of reliability and Validity

Variable(s)	Dimension	Item(s)	Loadings	CA	CR	AVE	VIF
AI Marketing Activities	Accessibility	ACC1	0.695	0.915	0.927	0.478	1.947
		ACC2	0.718				2.121
		ACC3	0.684				1.869
		ACC4	0.646				1.737
	Customization	CUS1	0.695				2.278
		CUS2	0.718				2.271
		CUS3	0.709				2.102
		CUS4	0.702				1.896
	Information	IMF1	0.654				1.665
		IMF2	0.653				2.112
		IMF3	0.703				1.948
	Interaction	INT1	0.601				2.066
		INT2	0.765				2.314
		INT3	0.715				2.239
Brand Experience		BE1	0.844	0.874	0.908	0.665	2.031
		BE2	0.842				1.926
		BE3	0.831				2.012
		BE4	0.804				1.919
		BE5	0.755				1.884
Brand Preference		BP1	0.809	0.885	0.912	0.633	1.794
		BP2	0.783				1.787
		BP3	0.803				1.865
		BP4	0.823				1.536
		BP5	0.782				2.466
		BP6	0.772				1.961
Repurchase intentions		RI1	0.846	0.87	0.906	0.659	2.378
		RI2	0.833				2.412
		RI3	0.848				2.276
		RI4	0.750				1.805
		RI5	0.776				1.827

Discriminant Validity

To establish discriminant validity, Fornell and Larcker (1981) suggest that each latent variable's AVE should exceed its squared correlation with all other latent variables. Each latent variable is more likely to share variation with its block of indicators compared to another latent variable representing a different block (Henseler et al., 2009).

Table 4: Fornell and Larcker Criterion

	AI Marketing Activities	Brand Experience	Brand Preference	Repurchase Intention
AI Marketing Activities	0.691			
Brand Experience	0.766	0.816		
Brand Preference	0.686	0.712	0.796	
Repurchase Intention	0.612	0.650	0.816	0.812

The square root of AVE (boldface diagonal values) is greater than inter-construct correlations, so the table demonstrates discriminant validity. This guarantees that in the banking industry, AI marketing activities, brand experience, brand preference, and repurchase intention are all separate concepts. Heterotrait-Monotrait Criteria Analysis (HTMT) should meet the requirement in which the HTMT value should be < 0.85 or HTMT< 0.90. Modern test for discriminant validity using inter-construct correlations (Kamis et al., 2020).

Table 5: Heterotrait-Monotrait Ratio (HTMT)

Constructs	AI Marketing Activities	Brand Experience	Brand Preference	Repurchase Intention
AI Marketing Activities				
Brand Experience	0.853			
Brand Preference	0.753	0.797		
Repurchase Intention	0.683	0.74	0.932	

In structural equation modeling (SEM), discriminant validity is evaluated using the HTMT ratio. A rating below 0.85 or 0.90 shows good discriminant validity, while values above these thresholds suggest potential problems. The majority of the HTMT values in this study are less than 0.90, indicating generally strong discriminant validity, but the HTMT value for brand preference and repurchase intention (0.932) is higher than the threshold, suggesting that more research is necessary.

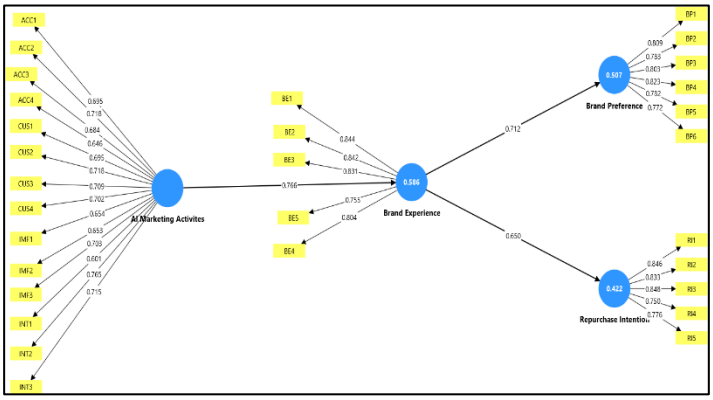

Figure 2: Complete Model Factor Analysis

Table 5: Hypothesis Testing Results

	T-Values	P-Values	Hypothesis Testing
AI -> BE	20.652	0.000	Accepted (Significant Relationship)
BE -> BP	17.943	0.000	Accepted (Significant Relationship)
BE -> RI	12.381	0.000	Accepted (Significant Relationship)

The table demonstrates the statistical significance of the three relationships: AI to Brand Experience, Brand Experience to Brand Preference, and Brand Experience to Repurchase Intention. Each has a P value of 0.000 and high T statistics, indicating that the hypotheses are strongly supported. This suggests that AI marketing initiatives have a favorable impact on brand experience, which raises brand preference and repurchase intention.

DISCUSSION

This study investigates how AI marketing initiatives affect consumers' brand preference and intention to repurchase in Pakistan's retail banking industry with an emphasis on the mediating function of brand experience. The correlation analysis's results show that the main variables have strong and statistically significant correlations with one another. AI marketing efforts show a strong positive relationship with brand experience ($r = 0.759$, $p < 0.01$), and brand experience has a positive relationship with repurchase intention ($r = 0.645$, $p < 0.01$) as well as brand preference ($r = 0.702$, $p < 0.01$). Brand preference and repurchase intention show the highest link ($r = 0.819$, $p < 0.01$), implying that customers are more likely to remain loyal to a banking brand they like. The Smart PLS hypothesis testing further supports the connections. Brand preference ($T = 17.943$, $p = 0.000$) and repurchase intention ($T = 12.381$, $p = 0.000$) are both strongly impacted by AI marketing efforts, which also have a considerable impact on brand experience ($T = 20.652$, $p = 0.000$). These findings support each of the hypotheses and demonstrate how important brand experience is as a mediator in enhancing the effect of AI on customer loyalty results. The conclusion that brand experience is a key channel through which AI marketing efforts influence preference and intention to repurchase is further supported by the mediation study.

These findings are consistent with existing literature. Ameen et al. (2021) and Fawal et al. (2024) emphasize that AI-enabled personalization and real-time interaction enhance customer engagement and satisfaction, which aligns with the observed

strong relationship between AI and brand experience. Ebrahim et al. (2016) and Amoako et al. (2017) also demonstrate that a positive brand experience plays a key role in shaping customer preference, a notion further supported by the present research. Furthermore, the significant influence of brand experience on repurchase intention resonates with Khan and Rahman (2015), who argue that experiential satisfaction drives consumer loyalty and future behavioral decisions.

In comparison to developed markets, the findings mirror those of Ho and Chow (2023) in Hong Kong, who also confirm that AI technologies impact brand preference through the enhancement of brand experience. Although AI implementation in Pakistan's banking sector is still evolving, this study shows that the mechanisms by which AI marketing affects consumer behavior are already taking shape and resemble global trends. However, the unique socio-economic and digital landscape in Pakistan means that banks must carefully balance technological innovation with customer education and trust-building, as suggested by Ahmed, Khalid, and Ghafoor (2024). Overall, the study confirms that AI-driven marketing activities significantly enhance brand experience, which in turn leads to stronger brand preference and greater repurchase intention. These relationships not only reflect patterns established in international research but also provide new insight into the emerging digital landscape of Pakistan's retail banking industry. The results highlight the potential for banks to strategically deploy AI technologies to deepen customer relationships, improve service quality, and drive long-term loyalty.

CONCULSION

This study emphasizes how AI marketing strategies have revolutionized Pakistan's retail banking industry, especially in terms of influencing consumer brand preference and intention to repurchase. According to the study's findings AI-powered tactics that are distinguished by improved accessibility, tailored products, and perceptive customer interactions greatly improve the whole brand experience. These AI-powered touchpoints create groundwork for enduring loyalty while also enhancing the emotional and cognitive bond between customers and banking brands. Banks can now better understand and respond to client needs in real time thanks to chatbots, recommendation engines, enhanced data analysis, and predictive analytics. AI-powered dynamic reactivity like this makes it possible to provide a degree of convenience and personalization that was previously unthinkable in traditional banking. As a result, consumers who interact with AI-enhanced banking platforms typically build stronger brand associations, exhibiting greater levels of happiness, trust, and propensity to make additional purchases or use the bank's services in the future.

But there are obstacles in the way of full-scale AI integration. The banking industry's embrace of AI also raises important questions about algorithmic transparency, data security, the moral use of consumer data, and maintaining confidence in automated systems. Particularly in a high-stakes setting like financial services, many customers are still hesitant to divulge personal information and deal with robots rather than human agents. These concerns provide a substantial obstacle to broad adoption and demand careful execution by financial institutions.

Building customer trust and resolving regulatory issues must be banks top priorities in addition to investing in cutting edge technologies if they want to fully utilize AI in marketing. Gaining the trust of customers requires clear communication, openness, and striking a balance between automation and human interaction. In order to avoid prejudices and advance equal access, banks must also make sure AI technologies are inclusive, equitable, and compliant with ethical norms.

In conclusion, banks that strategically implement AI-driven marketing technologies will probably gain a competitive edge in customer acquisition and retention as the financial services sector continues to digitize. In a crowded market, the capacity to provide individualized, effective, and captivating experiences will emerge as a crucial differentiator. Future studies should examine the behavioral and psychological facets of customer trust in AI systems in greater detail. They should also look at the wider uses of AI in banking services, such as financial advising and fraud detection. In the changing banking landscape of Pakistan, it will be essential to comprehend these aspects to create more comprehensive, successful, and human-centered AI marketing strategies.

Managerial implications and future directions

The findings of this research give bank managers and policymakers important information on AI-driven customer interaction. First, the findings demonstrate how increasingly significant AI services are in influencing customer brand preferences. To improve client retention and happiness, retail banks should spend money on AI-powered customer support technologies like chatbots and tailored financial advice. Banks must also ensure transparency and data protection safeguards to allay consumer concerns about the security and reliability of AI. Adoption of AI can be accelerated by educating consumers about its advantages through focused marketing initiatives. When creating AI-driven services, managers should also take demographics like age and education into account to guarantee accessibility and inclusivity.

To increase the generalizability of the findings, future research should examine the use of AI in retail banking in various cultural and economic contexts. The findings will be more robust if the sample size is increased and more demographic segments are included in the sample. Longitudinal studies can also look at how customer choices influence AI over time. In order to comprehend customer sentiments toward AI in banking, future research should also incorporate psychological elements like perceived ease of use and trust. Lastly, employing qualitative research methods such as focus groups and interviews can provide a deeper understanding of how customers interpret and anticipate AI in financial services.

Limitations

While evaluating the results, one should take into account the various limitations of this study. The study only looks at Pakistani consumers' brand preferences in retail banks in Lahore; it has limited generalizability, making it challenging to extrapolate the results to other provinces with distinct banking systems, technological developments, and cultural contexts. The study's sample representation is another limitation. Despite having 300 respondents, it might not fully represent the varied customers of

Pakistan's banking industry, particularly when taking into account the aspects like economic standing, technological proficiency, and urban-rural differences that were not fully examined. The study uses self-reported data; there is a chance that participants will exaggerate or underestimate how familiar they are with AI-based services.

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