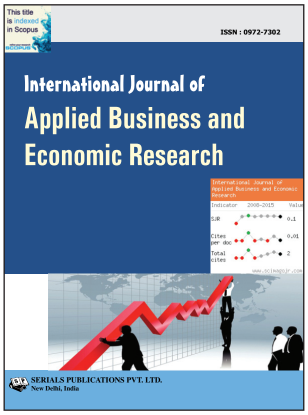

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Drivers of Customer Switching in Indian Retail Banking Sector

Vikas Khanna[1] and Renuka Sharma[2]

[1] *Research Scholar, & Branch Manager HDFC Bank*

[2] *Associate Professor, Chitkara Business School, Chitkara University, Punjab, India*

ABSTRACT

Parsuraman et. al., (1985) developed the service quality model at an initial stage and documented that service quality is a function of expectations of the customers and actual performance of service product through various service quality dimensions. The time when the size of overall Indian banking system has become gigantic which includes both small and large banks with huge number of branch network, one of the biggest challenge faced by banks in present time is the switching intention of the customers. Hence it becomes more important to understand that why customers in India switch from one bank to another bank. Considering this aspect, the study under consideration has focused on the switching behavior of customers in retail banking service in India. Clemes et. al., (2007) has suggested nine factors influencing banking switching behavior of customers. The impact of these influence factors have been studied and tested empirically using exploratory factor analysis (EFA). Results of the study disclosed that price, customer commitment, responses to service failure, customer satisfaction, reputation, service quality, competition, service products and involuntary switching have their noteworthy effect on customers' switching behaviour. The results of present study can be used by the Indian banks for designing their product and service strategies, marketing strategies and customer services practices in order to decrease customer switching. This would also help them in improving their service operations and in increasing customer fulfillment and truthfulness by understanding the banking behaviour of their customers.

Keywords: Customer Switching Behavior, Retail Banking, Clemes Model, Banking industry, Customer retention, Drivers of Customer Switching in Indian Retail Banking Sector.

1. INTRODUCTION AND BACKGROUND

After looking at the competitive scenario, customer experience has turn out to be a hotspot in the growth cycle of any business. It is for this reasons that of the elaboration in diversified and tailored needs of customers and power of competition in terms of homogenized offerings, experiential aspect of products/

services have become central to the customers (Liu and Liu, 2008). These days, creating and delivering better customer experience has become one of the major objectives of organizations (Verhoef et. al., 2009). The importance of service sector is being yet more renowned globally (Tseng et. al., 1999). Today, services are offered in distinct fields like banking and insurance, telecommunications, travel, and others but the service requirement vary in all of them. It depends on the service process and degree of customer contact (Lovelock, 1996). The nature of service encounter occupies a vital role because the customers not only obtain the service delivered by the organization but also buys some experience from that organization (Bateson, 1995).Indian banking sector is occupied with a large number of small banks. The increasing use of technology along with liberalization, deregulation and more recently demonetization has fetched a revolt in the method of serving customers. Technology is perplexing the earlier business processes and customer behaviour is undergoing change. However, the primary aspects of banking, i.e. faith and confidence of the people on the establishments continue the same. This state of banking environment has presented numerous opportunities and threats for the management of banks.For any banks and business losing a customer is a stern impede as it results in decrease in present and future earnings (Satish et. al., 2011) and acquire a new customer is five times costlier than retaining a old one (Peters, 1987; Mittal and Lassar, 1998). Moreover, customer switching has negative effect on the profitability on the business (Rust and Zahorik, 1993). The reason for this negative profitability is more expenses on the advertisement, sales, expense on finding the need of the customers and grace period require by the new customers (Athanassopoulos et. al., 2001). Therefore, study and understanding of the drivers of customer switching is essential in banking sector to be competitive as this issue has become demanding in the marketing of banking services too.

Numerous studies ((Kumar and Shashi, 1989; Heide and Weiss 1995; Hans et. al., 1996; Shukla, 2004; Bernard et. al., 2006; Adalet, 2009)) have been done on switching behaviour for goods but specifically in financial services less attention has been given to the concept of customer switching (Friedman and Smith, 1993; Mittal and Lassar, 1998; Grace and O'Cass, 2003).

On the other hand, switching behaviour for services is diverse due to its well-known and stated characteristics, i.e. intangibility, heterogeneity, inseparability, ownership and perishability, (Clemes et. al., 2000). In the service domain every service is different and it differs significantly based on the extent of customer participation (Grace and O'Cass, 2003).In Indian context, there is a little research focusing on factors affecting the switching behaviour of banking customers. This research seeks to understand banking behaviour of customers in India, by focusing on reasons attributed to switching service providers in Indian retail banking industry. Justification of such an investigation is laid by tracking the changing consumers' behaviour in Indian banking industry through various reports as discussed under background and an analysis of existing literature in Indian context identifies a gap related to study of drivers leading to switching intentions of banking customers except the study of Anjum et. al., (2011). This study differs from theirs on the ground of concepts as well as methodology. Further, their study is based on only private banking sector whereas this study has been involved retail banking sector of India.

The face of Indian banking sector has been changed after the economic reforms commenced by the government of India in 1990s. Inputs of banks are also growing as deposits increased to 71.5 per cent of GDP in financial year 2011 from 37.8 percent in financial year 1991, lending increased to 5.8 per cent of Gross Domestic Product from 22.9 per cent and bank credit to commercial sector increased to 58.1 per cent of GDP from 31.1 per cent in financial year 2011. Despite this growth in the commercial banks only

36% o the adults in India had a bank account with the formal banking structure/institution (Demirguc-Kunt and Klapper, 2012). This increase in banking and competitive strategy of banks has shifted the focus of bank to its customers and all this has initiated new expectations from the customers (both new and existing). The main feature of Indian banking industry is that here customers are maintaining multiple service-provider relationships i.e. having multiple banks accounts, means extra experience for the customer and extra competition for the service providers (**Sajtos and Kreis, 2010**). Recent announcement of the Demonetization by the Government of India on 8th November 2016 has also increase the risk of customer retention and switching in banking sector. Therefore in such a fast changing environment retail banks in India need to struggle for the strong bonds with their customers. Therefore, the current study proposes to support the Indian bankers in facing the prospective risk presented by shifting consumer's banking behaviorby providing leading drivers of customers' switching behavior in Indian Retail Banking.

2. LITERATURE REVIEW AND THEORETICAL BACKGROUND

Different researchers have established the factors which might influence customer satisfaction in retail banking. The drivers of switching behavior result in switching decision by the customers. In order to identify the research problem for the proposed study, the following sections have discussed the findings of past studies on the switching behavior. Many researches and authors have provided various definitions of the switching behavior (as displayed in the Table 2). After analyzing these definitions we can wrap up that switching can be a decision or a process of various steps which includes ending relationship with one service provider and stop purchasing product & service from that service provider, by replacing this service provider with another service provider. Garland (2002) studied personal retail banking in New Zealand using Juster scale's probabilistic measurement method and concluded that overall defection rate being 5%. Trubik and Smith (2007) examined and developed a model of identifying customers at risk of leaving the banks in Australian banking sector by the study of responsible attributes but this model could not be generalized because they did this study on one organization only.

Definitions of Switching Behavior

Following is the various definitions of switching behavior given by different experts.

- Switching behavior is the decision that a customer stops purchasing a particular service from a firm completely. Customer also stops patronize the service firm completely. (*Bolton and Bronkhurst, 1995; Boote,1998)*
- Switching behavior is defined as a dynamic process that evolve over a period of time and concluded as end of relationship. (*Hocutt,1998; Stewart, 1998)*
- One more study says that switching of customer can be defined as replacing current service provider with another service provider. (*Bansal and Taylor, 1999*)
- Customer switching is an act of being faithful to one service category but the customer can replace one service provider for another service provider who can give best of that service due to discontent or any other related reasons. *(Keaveny and Parthasarathy, 2001)*
- Similar results were given by the study that customer switching means stop transaction relationships with one service provider and start this with another one. *(Oyeniyi and Abiodum, 2010)*

Table 1
Literature Reviews considered in present study

Factors	*Authors*
Service Quality	Aydin and O'zer (2005), Rust and Zahorik (1993), Yavas *et. al.,* (2004), Clemes *et. al.*, (2007), Chakravarty et. al., (2004), Mavri and Ioannou (2008), Kura et. al., (2012)
Price	Zeithaml, (1998), Clemes et, al., 2007, Campbell, (1999), Gerrard and Cunningham (2004), Keaveney (1995), Clemes et. al., (2010)
Customer commitment	Morgan and Hunt (1994), Kaur et. al., (2012), Gordon (2003), Bansal et. al., (2004)
Reputation	Bennett and Kottasz (2000), Trotta et. al., (2011), Wang et. al., (2003), Gerrard and Cunningham (2004)
Effective advertising competition	Zhang (2009), Cengiz et. al., (2007), Hite and Fraser (1988), Balmer and Stotving (1997), Clemes et. al., (2010)
Responses to service failure	Zikiene and Bakanauskas (2009), Stefan (2004), Keaveney (1995)
Customer satisfaction	Churchill and Surprenant (1982), Aydin et. al., (2005). Athanassopoulos et. al., (2001)
Involuntary switching	Keaveney (1995), Friedman and Smith (1993), Ganesh et. al., (2000), Khan et. al., (2010), Anjum et. al., (2011)
Service products	Rust and Oliver (1994), Beckett et. al., (2000), Kiser (2002), Strieter et. al., (1999), Bitner et. al., (2002)

Many other studies put emphasis on the complaining behavior as pre-switching behavior as Stewart (1998) accounted that 80% of the respondent complained to the concerned bank before their switching. Similarly, Colgate and Hedge (2001) studied switching as a vibrant process that develops overtime and finishes in exit through complaining. The study concluded that factors considered important for desertion have influence over complaining behaviour. Apart from these studies on drivers of customer switching behavior, few other researchers have also attempted to explore post-switching behavior (Keaveney, 1995). Yanamandram and White (2006) examined switching barriers but in a diverse framework of business-to-business (B-2-B) services and by using dissimilar methodology. Their study concluded that alternative service providers and switching cost was two key switching barriers that prevented dissatisfied customers from switching. Valenzuela (2010) explored various factors determining switching barriers and the effect of type of bank, gender and education on customers' perception of switching barrier. Similarly, Tesfom and Birch (2011) observed linkages between age and switching barriers in retail banking industry. To understand the switching behavior, it is important to define the drivers of switching behavior. The following section deals with the theoretical framework and operation definition of drivers of switching behavior. Switching a particular bank is the outcome of multiple factors not just a single one as bank customers have strong relationship with their service providers (Gerranrd and Cunnungham, 2004). Keaveney (1995) gave the first model of switching behavior in service industry which was based on more than 800 critical incidents that caused customers to switch their bank. He also categorized these incidents into eight main causal variables like price, inconvenience, core service failure, competitive issues, failed responses of employees to service failures, service encounter failure, ethical problems and involuntary factors. The study was based on 45 service sectors including retail banking services but the model given by this study requires further testing of customer switching behavior in retail banking industry. (Keaveney, 1995; Mittal and Lassar, 1998) In the following table factors that are used to study banking switching behavior in India, is discussed.

3. RESEARCH METHODOLOGY

Data Inputs

For the present study we have used the questionnaire developed by the Clemes et. al., (2007). The questionnaire is having two sub parts: first describing the demographic profile of the respondents and second part is having thirty one statements regarding the features of service and other statement that might affect the customer's switching behavior. Data has been collected from retail banking customers having at least one saving bank account in any public or private sector bank in India. For the collection of data a questionnaire having 7 point likert scale (1 strongly agree and 7 is strongly disagree) for different statements was send to 1400 banking customers by using convenient sampling method. To have advantage of immediate retrieval, exit intercept survey method was used to have information from the respondents (Zhou, 2004). Questionnaires were filled personally to maximize the response rate and it intended that the researchers were on hand to answer queries. Total of 587 questionnaires were collected back and out of these questionnaire **496 completed** questionnaires were used for the further analysis in the current study. Few questionnaires were removed because of high response bias and some data were also missing. Similarly, HNI (high net worth individuals) customers were not the part of final data for analysis as they do not visit the bank branches in person so we cannot rely on their responses. On the similar ground base layer customers were also removed from the current study. For the analysis of the data statistical package *SPSS 22* was used and data reduction technique of factor analysis was used to assess the dimensionality of the reasons why customers switch banks. Descriptive statistics were also utilized to check the relative importance of the factors determining switching behavior of customers. Results of demographic profile of the respondents are shown in the following table in detail.

Table 2
Analysis of the respondent by using Descriptive Statistics

Age of the respondent	*Total Respondents*		*Switcher*		*Non-switchers*	
	Frequency	*Percentage*	*Frequency*	*Percentage*	*Frequency*	*Percentage*
24-years or less	171	34.48	40	26.85	131	37.75
25-34	109	21.98	32	21.48	77	22.19
35-44	101	20.36	33	22.15	68	19.60
45-54	62	12.50	23	15.44	39	11.24
55-years and above	49	9.88	21	14.09	28	8.07
Missing	4	0.81	0	0.00	4	1.15
Total	496	100	149	100	347	100
Gender						
Male	393	79.23	117	78.52	276	79.54
Female	94	18.95	23	15.44	71	20.46
Missing	9	1.81	9	6.04	0	0.00
Total	496	100	149	100	347	100
Qualification						
Upto 10th	59	11.90	15	10.07	44	12.68
10+2	111	22.38	19	12.75	92	26.51

Age of the respondent	*Total Respondents*		*Switcher*		*Non-switchers*	
	Frequency	*Percentage*	*Frequency*	*Percentage*	*Frequency*	*Percentage*
Graduation	152	30.65	41	27.52	111	31.99
Post-graduation and above	165	33.27	69	46.31	96	27.67
Missing	8	1.61	4	2.68	4	1.15
Total	496		149	100	347	100
Occupation						
College Student	29	5.85	6	4.03	23	6.63
Housewife	6	1.21	0	0.00	6	1.73
Professionals	232	46.77	84	56.38	148	42.65
Self-employees/business owner	127	25.60	43	28.86	84	24.21
Retired Employees	65	13.10	0	0.00	65	18.73
Others	35	7.06	16	10.74	19	5.48
Missing	2	0.40	0	0.00	2	0.58
Total	496		149	100	347	100
Income (INR per month)						
Less than 20,000	56	11.29	15	10.07	41	11.82
20,000-30,000	162	32.66	39	26.17	123	35.45
30,000-40,000	162	32.66	60	40.27	102	29.39
40,000-50,000	72	14.52	22	14.77	50	14.41
50,000 and above	36	7.26	11	7.38	25	7.20
Missing	8	1.61	2	1.5	6	1.73
Total	496		149	100	347	100
Type of banks customers						
Public Sector	325	65.52	110	73.83	215	61.96
Private Sector	152	30.65	24	16.11	128	36.89
Missing	19	3.83	15	10.07	4	1.15
Total	496		149	100	347	100
Customer Relationship with number of banks						
1	93	18.75	26	17.45	67	19.31
2	213	42.94	69	46.31	144	41.50
3	112	22.58	30	20.13	82	23.63
More than 3	61	12.30	15	10.07	46	13.26
Missing	17	3.43	9	6.04	8	2.31
Total	496		149	100	347	100

Out of 496 respondents 149 were switcher and remaining 347 are non-switcher. Above analysis of the demographic profile shows that older bank customers are unwilling to switch their main bank in comparison to the younger customers and this is in consistent with the findings of the Clames et. al., (2010). Approximately 60% of the respondents have accounts in public sector banks and 39% have bank account in private sector bank. 80% approx. of the respondents are involved in multi-banking and remaining 20% is having single service provider relationship.

Table represents different driver of switching behavior of banking customers, from highest to lowest on the basis of their mean value on a scale of 1-7. The mean value scores of all the mentioned factors/ statements/drivers of switching ranges from 3.80 to 4.65 but this does not notify that all factors are of greater importance as not a single value is close to the highest value of seven point scale. Service quality and customer commitment statements/drivers are the important factors among all the constructs considered in the study. On the other hand, statements to which least importance was given by the respondents are under the involuntary switching construct. As per analysis important factors are: Convenience regarding the bank's opening hours, Intention to remain a customer of the bank, Desire to continue a relationship with the bank, convenient access to ATM and Responses of bank staff. Whereas least important factors are; Customer changed location, Proximity to bank branches, Trustworthiness of bank and Interest rates on savings accounts.

Table 3
Mean and Standard Deviation scores on various variables on the basis of their importance

	Different Statements	*Mean*	*SD*
1	The bank's opening hours were inconcenient. (SQ2)	4.83	1.550
2	Accessing Automatic Teller Machine (ATM) was inconcenient. (SQ3)	4.80	1.549
3	Bank staff did not ready respond to my requests. (SQ7)	4.78	1.457
4	You intended to remain a customer of the bank. (CC2)	4.67	1.450
5	You wanted to continue a relationship with the bank. (CC3)	4.61	1.498
6	Bank staff were impolite and rude. (SQ6)	4.59	1.476
7	You were very committed to the bank. (CC1)	4.52	1.459
8	Bank staff did not have competence to solve my problems. (SQ8)	4.48	1.467
9	The Bank provided services that were not as promised. (SQ4)	4.44	1.420
10	The bank moved to a new geographical location (IS2)	4.41	1.523
11	The bank charged high interest for loans. (P2)	4.29	1.474
12	The bank branches locations were correctly. (SQ1)	4.26	1.500
13	The Bank did not inform me of charges in services. (SQ5)	4.20	1.447
14	The competing bank's advertising content influenced my decision to switch bank. (COM1)	4.18	1.430
15	The bank did not offer a wide range of service products like loan, mortgages, credit cards. (SP1)	4.16	1.407
16	The competing bank's advertising humor influenced my decision to switch bank. (COM3)	4.03	1.410
17	The bank was financially unstable. (REP3)	3.99	1.437
18	I was not satisfied with my banking experience. (CS2)	3.87	1.450
19	The bank was unreliable. (REP1)	3.84	1.420
20	The bank corrected mistakes slowly. (RES1)	3.83	1.400
21	I will not stay with the bank as a customer. (CS3)	3.80	1.445
22	I would not recommend the bank to others.	3.78	1.557
23	The bank charged high fees. (P1)	3.72	1.551
24	The service products offered did not satisfy my specific needs. (SP2)	3.70	1.517
25	Banks staff did not make any extra effort to solve problems. (RES2)	3.69	1.559
26	The competing bank's advertising words influenced my decision to switch banks. (COM2)	3.68	1.540
27	The bank charged high interest for mortgages. (P3)	3.66	1.558
28	Bank branches in my area were closed (IS1)	3.65	1.540
29	I moved to a new geographical location (IS3)	3.62	1.537
30	The bank provided low interest on saving accounts. (P4)	3.59	1.575
31	The banks was untrustworthy. (REP2)	3.53	1.639

4. FACTOR ANALYSIS

Results of Eigen-values of 31 items gave 9-factor output from principal component analysis which is applied by using varimax rotation on all these items. After this three statements/items were deleted from the analysis as it resulted in the increase in explained variance (59.84 to 72.387 per cent). This resulted in the total nine factors having twenty eight statements/items shown in the following table service quality (7), price (4), customer commitment (3), reputation (3), effective advertising competition (3), Response to service failure (2), Customer Satisfaction (2) involuntary switching (2) and service products (2). Following **table** gives the complete details about the final solution given by the factor analysis (items, factor loading) and **table, shows** the details of explained variance and Cronbach's α values. For all the statement/items under different factors, factor loading ranges 0.657 to 0.891. KMO test and Bartlett's test of sphericity were then applied to test the suitability of factor analysis. Value of chi is 72.53 and its sig. level is 0.0002 which clearly shows that sampling sufficiency is suitable for the factor analysis. Afterwards, reliability of the latent variables was checked with Cronbach's α coefficient. Out of nine factors, eight factors are in acceptable limit i.e. value of Cronbach's α coefficient is more than 0.6. One factor named "service products" has reliability score less than 0.6 but literature (Reynolds and Arnold, 2000 and Gerrard and Cunningham, 2004) suggest that this is very important factor to understand the switching behavior of the customers. Therefore this factor has been considered in the study despite it has reliability score of 0.529.

Table 4
Eigen Values and Explained Variance and Cronbach α

S.No.	*Name of the Constructs*	*Eigen values*	*Percentage of variance explained*	*Cumulative Variance*	*Cronbach α*
1	Service Quality (SQ)	3.527	13.723	13.723	0.895
2	Price (P)	3.629	11.22	24.943	0.885
3	Consumer Commitment (CC)	3.547	8.348	33.291	0.814
4	Reputation (REP)	2.829	7.925	41.216	0.733
5	Effective Advertising Competition (COM)	2.897	6.978	48.194	0.782
6	Response to service failure (RES)	1.892	6.623	54.817	0.729
7	Customer Satisfaction (CS)	1.738	6.119	60.936	0.721
8	Involuntary Switching (IS)	1.692	5.872	66.808	0.685
9	Service Products (SP)	1.598	5.579	72.387	0.529

In the following section we have discussed all nine factors in details.

- *Service Quality:* This factor is very important for the study of behavior of customers but from industry to industry behavioral intentions of customers differ (Parasuraman et. al., 1988, 1994). For customer retention high quality of the services is essential (Zhang, 2009). Customer's intentions to switch banks and customers satisfaction is influenced by the service related problems (Levesque and McDougall, 1996).
- *Price:* In banking industry price of services includes fees, interest charges on loan and deposit (Gerrard and Cunningham, 2004) and customer wants fairness in the pricing policy of the banks too. Zhang (2009) affirmed that price is a fundamental part of product or service mix and creates customer's expectations about product or service quality. Many studies have concluded that price

has a key role in switching decisions and customer's switching intensions (Keaveney, 1995; Colgate et. al., 1996; Campbell, 1999; Colgate and Varki and Colgate, 2001; Anjum et. al., 2011). One study has diverse results and it concluded that price has low impact on the switching behavior (Clames et. al., 2007). On the whole, price is a key aspect in banking industry where banks can fight against each other by having more transparent charges on products or services.

- *Customer Commitment:* This includes items measuring customer attitude which reflects customer's desire to maintain and continue the relationship with the service provider. There is imperative requirement to understand the switching behavior of customers from relationship banking point of view (Dube and Shoemaker, 2000). Commitments bind a customer to continue purchase from the same service provider and the reason for this bound can be affective, normative or continuance commitments (Bansal et. al., 2004).
- *Reputation:* This factor comprises the financial stability, trustworthiness of the financial institution and its image. For sustainable competitive advantage, reputation is essential factor for banks as it is unique, difficult to copy, precious and non-substitutable asset of the firm (Wang et. al., 2003).A study concluded that 30% of the customer deliberately excluded a bank if it had superficial financial stability or doubtful business ethics (Barr, 2009).
- *Effective Advertising Competition:* This factor covers impression of advertising content in the mind of customers as advertisement gives information to the customer and assists them in their purchase decisions. But there is diverse opinion about the effect of advertisement on switching decision. One opinion is that efficient advertising helps in retaining customer (Cengiz et. al., 2007) and other says that effective advertising competition may stimulate switching (Balmer and Stotving, 1997).
- *Response to service failure:* This includes the bank employee's behavior to solve any kind of service failure. One study concluded that service failure result in unfavorable outcome in the form of exit or voice (Hirschman, 1970) and other concluded that such exit behavior is the outcome of consistent service failure from bank's side (Stewart, 1998). But Clames et. al., (2007) found no significant impact of service failure on the customer switching.
- *Customer Satisfaction:* This includes variables determining overall satisfaction of customers based on their experience with bank. As bank consumers have lower perceptions of customer satisfaction, they would connect to unfavorable behavioral responses (Athanassopoulos et. al., 2001). Customer satisfaction is an exit barrier which facilitates organization in customer withholding and directs to repeat purchase (Taylor and Baker, 1994).
- *Involuntary Switching:* It consist of the factors which cause unintentional switching by the customer e.g. moving house, changing jobs and bank branched opening close to their area etc. Customers and banks do not have control on such forces which cause them to change their banks (Keaveney, 1995). In nut shell this is the most common reason of switching behavior (Ganesh et. al., 2000).
- *Service products:* In today's technology driven environment offering a variety of products is vital for the survival and success of the business (Strieter et. al., 1999). Service products are an essential part of service quality and when it is associated with the technology it can reduce customer switching rate (Bitner et. al., 2002).

Table 5
Results of Factor Analysis

	Factors → *Statements ↓*	*Service Quality (SQ)*	*Price (P)*	*Consumer Commitment (CC)*	*Reputation (REP)*	*Effective Advertising Competition (COM)*	*Response to service failure (RES)*	*Customer Satisfaction (CS)*	*Involuntary Switching (IS)*	*Service Products (SP)*
		Factor Loadings								
1	The bank's opening hours were inconvenient. (SQ2)	0.821								
2	Accessing Automatic Teller Machine (ATM) was inconvenient. (SQ3)	0.805								
3	The Bank provided services that were not as promised. (SQ4)	0.794								
4	The Bank did not inform me of charges in services. (SQ5)	0.729								
5	Bank staff were impolite and rude. (SQ6)	0.719								
6	Bank staff did not readily respond to my requests. (SQ7)	0.691								
7	Bank staff did not have competence to solve my problems. (SQ8)	0.657								
8	The bank charged high fees. (P1)		0.856							
9	The bank charged high interest for loans. (P2)		0.792							
10	The bank charged high interest for mortgages. (P3)		0.747							
11	The bank provided low interest on saving accounts. (P4)		0.843							
12	You were very committed to the bank. (CC1)			0.849						
13	You intended to remain a customer of the bank. (CC2)			0.712						
14	You wanted to continue a relationship with the bank. (CC3)			0.746						
15	The bank was unreliable. (REP1)				0.812					
16	The banks was untrustworthy. (REP2)				0.714					
17	The bank was financially unstable.(REP3)				0.862					
18	The competing bank's advertising content influenced my decision to switch bank. (COM1)					0.837				
19	The competing bank's advertising words influenced my decision to switch banks. (COM2)					0.835				
20	The competing bank's advertising humor influenced my decision to switch bank. (COM3)					0.739				
21	The bank corrected mistakes slowly. (RES1)						0.891			
22	Banks staff did not make any extra effort to solve problems. (RES2)						0.826			

	Factors → *Statements ↓*	*Service Quality (SQ)*	*Price (P)*	*Consumer Commitment (CC)*	*Reputation (REP)*	*Effective Advertising Competition (COM)*	*Response to service failure (RES)*	*Customer Satisfaction (CS)*	*Involuntary Switching (IS)*	*Service Products (SP)*
						Factor Loadings				
23	I was not satisfied with my banking experience. (CS2)							0.831		
24	I will not stay with the bank as a customer. (CS3)							0.847		
25	Bank branches in my area were closed (IS1)								0.853	
26	I moved to a new geographical location(IS3)								0.787	
27	The bank did not offer a wide range of service products like loan, mortgages, credit cards. (SP1)									0.861
28	The service products offered did not satisfy my specific needs. (SP2)									0.794

5. CONCLUSION AND POLICY IMPLICATION

The size of overall Indian banking system has become gigantic which includes both small and large banks with huge number of branch network, one of the biggest challenge faced by banks in present time is the switching intention of the customers. Hence it becomes more important to understand that why customers in India switch from one bank to another bank. Considering this aspect, the study under consideration has focused on the switching behavior of customers in retail banking service in India. All the factors considered in the present study do not work in isolation to study the switching behavior of the customer rather switching is the outcome of any negative service experience that is related to any of the factors discussed in the study. Banks should consider all the stated factors to have better relationship with their customers. These factors with their constructs should be considered by the banks to retain their customers and to measure the switching behavior off the customers too. So on the basis of the above analysis following are the important areas which a bank should consider to satisfy its customers; customer satisfaction, perceived service quality, effective advertising competition, customer commitment towards their main bank, responses to service failure, reputation and image of bank, price including interest rate charged and involuntary switching. So a bank should consider all these mentioned factors to form their business model just about customer needs and center operational improvements on customers most valued interactions. The present study enhance our knowledge of banking service consumption behavior and support service marketer to know their consumers and determinants of inferior perceptions of service that motivates their tendency to switch. Specifically relation managers in the banks should focus on the above mentioned factors in the study to strengthen customer relationship. Banks should search for strategies that enhance positive behavioral responses to customer satisfaction, interest rates service quality and advertising etc. Some of such strategies can be meeting customers' desired service levels, dealing effectively with customers complaints and offering competitive prices to the customers. Indian banks should adapt loyalty programmes for similarity groups to improve support among customers. For these loyalty programmes which are already being running by these institutions need to be capitalized through increasing customers' enrollment and active participation. Next important point is that customers are more open to external information and they believe on word of mouth information. So, manager should seek to make good word of mouth by turning up their contented customers to promoters. Last but not the least executive of the banks should give updated information to the customers and should tell them about the hidden service charges. In the current study to 49 per cent of the respondents reported that their bank does not notify them of updated information about services they already have purchased from them. Therefore, these issues required to be addressed to gain the optimal benefits of customer relationship.

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