Drivers of Bank /Branch Switching Intentional Behaviour in Retail Banking: Evidence from Indian Banking Customers

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Abstract
The purpose of this research was to identify and examine the factors that are significant barriers to bank/ branch switching in India from the retail customer's perspective. The research design was causal cross sectional and primary data was collected using structured questionnaire. The research was conducted between Sep 2018 to Nov 2018.Target population was retail bank customers of nine banks (six nationalized and three private) of India. Sample frame was the bank customers who visited the bank on the days of the study and sample size was 450 (50 customers each bank). The result of the study revealed that eight factors namely Price, Service quality, Switching cost, Reputation of bank, Promotional advertising, Response to service failure, Customer satisfaction, Innovative service product offerings significantly affects switching intention while Location of bank and Involuntary switching had insignificant effect on switching intention with a predicted switching rate of 24.22%. The model explains 80.6% variation in switching intention. Price, Response to service failure and Innovative service product offerings were three important critical factors for bank switching. Therefore, there is a need for banks to review their bank charges or transaction fees, they must be very responsive to the service failures and should come out with innovative schemes to have a competitive edge.
Keywords: Retail banking, customer switching, Price, Service quality, Switching cost, Customer satisfaction.
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1. Introduction

The banking sector operates within the whole society, providing financial services and resources that have become the society's most operational tools. The sector has been described as a foundation for society's infrastructure and for stimulating the growth of the economy and provides services that are vital for both companies and households (Konkurrensvert, 2009). A well-built Banking sector of any country plays imperative role in the development and stabilization of the economy of that country when there is competitive globalized corporate environment. Flow of money is maintained capably, when there is strong banking sector in the country.

With the intense competition and increasing globalization in the financial markets, bank management must develop customer-oriented strategies in order to compete successfully in the competitive retail banking environment. The competitiveness of banking combined with the relative homogeneity of banking products and services appears to make banking particularly susceptible to customer switching behavior. The customers are more prone to changing their banking behaviour when they can purchase nearly identical financial products provided by the retail banks. In order to stay competitive, bank managers need to understand the factors that influence and determine consumer's bank switching behaviour. (Chakravarty, Feinberg & Rhee, 2004). Athanassopoulos (2000) intimated that losing customers not only leads to opportunity costs because the reduced sales, but also to an increased need for attracting new customers which is five to six times more expensive than customer retention.

For being successful and profitable in service industry in today's dynamic corporate environment satisfaction of customers is imperative as it greatly influences customers' repurchase intensions whereas dissatisfaction has been seen as a primary reason for customers' intentions to switch. Satisfied customers are most likely to share their experiences with other five or six people around them. Equally well, dissatisfied customers are more likely to tell another ten people about their unfortunate experiences with a particular organization. In order to achieve customer satisfaction, organizations must be able to build and maintain long lasting relationships with customers through satisfying various customer needs and demands which resultantly motivates them to continue to do business with the organization on on-going basis (La Barbera, & Mazursky, 1983).

The banking industry must develop strong relationships with their customers in order to compete successfully in the competitive retail banking environment. Numerous studies have shown that banks' profitability is closely associated with customer retention (Garland, 2002; Anderson, Fornell & Lehmann, 1994; Reichheld & Sasser, 1990). The longer a bank can retain a customer, the greater revenue and cost savings from that customer. Maintaining an existing customer is five times cheaper than obtaining a new one ((Mittal and Lassar, 1998) as the advertising, sales, and set-up costs can be amortised over a longer customer lifetime (Morgan, 2007; Clemes, Gan & Zheng, 2007; Reichheld & Sasser, 1990). Banks survival is only possible when there is a strong relationship between clients and banks as well. Customers account can only be maintained by the banks when banks have direct relationship with their clients otherwise customers will try to switch from this bank. There is also evidence that

banks are well aware of the importance of building relationships with their customers for long-term profitability and survival of the banks. Sustainment of any bank necessitates it to retain the existing customers and inspire them not to switch (Chakravarty, 2003; Chakravarty & Scott, 1999).

With the intense competition and increasing globalization in the financial markets, bank management must develop customer oriented strategies in order to compete successfully in the competitive banking environment. The longer a bank can retain a customer, the greater revenue and cost savings from that customer. Inferior quality leads to unfavorable behavioral intentions, which lead to customer defection from the organization, which ultimately leads to decreased spending, lost customers, and increasing costs associated with attracting new customers (Zeithaml et al., 1996). Customer switching behavior can affect market share and profitability. Switching can cost an organization the customer's future revenue stream (Keaveney, 1995). Duncan & Elliot (2002) note that customer loyalty is an important factor that contributes to an organization's earnings and profits. Loyal customers normally establish a stable relationship with an organization compared to non-loyal customers (Zeithaml, Berry & Parasuraman, 1996). Customer loyalty can contribute to an increase in a firm's revenue; reduce customer defection rates; and develop new business through positive word-of-mouth advertising (Reichheld, 1996; O'Brien & Jones, 1995; Reichheld & Sasser, 1990).However, customers are also more prone to changing their banking behavior when they can purchase nearly identical financial products provided by the banks. In order to stay competitive, bank managers need to understand the factors that influence and determine consumer's bank switching behavior.

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).Some researchers have studied customer switching behaviour in developed countries (for example, Clemes, Gan & Zheng, 2007; Colgate & Hedge, 2001; Gerrard & Cunningham, 2004; Stewart, 1998). However, limited studies have focused on developing countries (Zhou, 2004) that provide conclusive evidence on why customers switch service providers (Pirzada et al., 2014) Limited research were found in India on retail bank customer switching behavior (for example, Khanna & Sharma, 2017; Vyas & Raitani ,2014) but the researchers could not find any research in Ethiopian context especially comparative study to generalize the results)

The purpose of this research is to identify and examine the factors that are instrumental in bank/ branch switching (barriers to switching) in India from the retail customer's perspective. The research will help to understand whether the customers switching factors are the same or different globally.

2.Research Objectives
1. To identify the various possible factors which may lead customers to switch from one bank branch to another or switch to another bank.
2. To identify the significant impacting bank/ branch switching factor(s) to suggest to bank managers/ management to take remedial action.

This study provides answer for, why the banking customers switch to another bank or open their account in another branch of the same bank? Which factors intervene to change the behavior of banking customers?

3. Review of Literature
Switching behavior is the decision by which a customer stops purchasing a particular service from a firm completely and Customer also stops patronizing the service firm completely. (Bolton and Bronkhurst ,1995). Hocutt (1998) and Stewart (1998) summarized the switching behavior as a dynamic process that evolve over a period of time and concluded as end of relationship. Customer switching is defined as an act of being loyal to one service categories, but switch from one service provider to another, as a result of dissatisfaction or any other related problems. (Keaveney and Parthasarathy, 2001).Oyeniyi and Abiodum (2010) state that customer switching is incurred by buyers for stopping transaction relationships with one service provider and initiating a new relation with another one.

Colgate and Lang (2001) researched switching barriers; a reverse phenomenon to switching drivers inferred that apathy and negativity were the most important switching barriers, respectively, in retail bank and insurance industry. Colgate and Hedge (2001) stated that switching is a dynamic process that evolves overtime and culminates in exit through complaining. Their study resulted that factors considered important for defection have some influence over complaining behaviour.

Yanamandram and White (2006) studied switching barriers identified that alternative service providers and switching cost was the most considerable switching barrier that prevented dissatisfied customers from switching.

Gerrard & Cunningham (2004) stated that when a consumer changes from one bank to another bank, it can be caused by single or multiple events. Six events which were considerably important in order to understand the factors of bank switching were labeled as inconvenience, services failures, pricing, unacceptable behavior, attitude

or knowledge of staff, involuntary mentioned incidents and attraction by competitors. In banking industry, single incident or event of switching from bank to bank is far less than multiple incidents for switching. In case of other financial service providers, customers are known to switch institutions after they face multiple problems. Moreover in banks unlike other financial institutions, customers are not bonded to any contractual relationship biding the customers to stay in the same bank.

Keaveney (1995) proposed the first model of switching behaviour in service industries based on more than 800 critical incidents that cause customers to switch and categorized these incidents into eight main causal variables including price, inconvenience, core service failures, service encounter failures, failed employee responses to service failures, competitive issues, ethical problems and involuntary factors.

Clemes et al.(2010) established that price, reputation, service quality, effective advertising, involuntary switching, distance, and switching costs impact customers' bank switching behavior. The findings also reveal that the young and high-income groups are more likely to switch banks.

Subramaniam, & Ramachandran (2012), took seven factors namely price, reputation, service quality, advertising, involuntary action, distance and switching cost as influencing the switching behaviour of customers in Malaysia. All earlier studies (Almossawi 2001;Kiser, 2002;Clemes, et al.,2007, Salleh & NihHazimah, 2009; and Gerrard & Cunningham,2004) found that price, reputation, service quality, advertising, involuntary action, distance, cost, and other characteristics influences the customer switching behaviour. But contrary to the expectation only price and reputation were found as significant in predicting the customers' bank switching behaviour in Malaysia. This indicates that there could be other factors like internet banking which might have deduced that distance, cost, advertising or involuntary action were not relevant for the respondents in making their decision.

Pirzada, Syed Shahzaib et al (2014), in their empirical study titled 'Which Factors Influence the Customers Switching Behavior? (Evidence from the Customers of Banking Sector of Pakistan)' inferred that three variables namely bank branches, service quality, and interest rate significantly positive impact on the switching behavior of customers in Pakistani banks. Interest rates offered by banks to its existing, potential customers plays a very important role in customers for retaining, sustaining and to make them loyal. Quality of service also plays the crucial role in the switching intentions of customers. If the services are good then the customers will be satisfied and loyal otherwise they will tend towards switching to another bank.

Vyas & Raitani (2014) in their study of drivers of customers' switching behaviour in Indian banking industry concluded that drivers of switching behaviour do not work in isolation; it is an outcome of negative service experience that may be related to any of nine critical factors in descending order of importance viz., customer commitment towards their main bank, perceived service quality, effective advertising competition, service products offered, customer satisfaction, responses to service failure, reputation and image of bank, price including interest rates charged or paid and involuntary switching These factors are to be considered by all commercial banks intend to strengthen their relationship with customers. Taking account these contributing factors, it is apparent that a bank requires to shape their business model around customer needs and focus operational improvements on customers' most valued interactions.

Khanna & Sharma (2017), identified the important areas which a bank should consider to satisfy its customers viz., customer satisfaction, perceived service quality, effective advertising competition, customer commitment towards their main bank, responses to service failure, reputation and image of bank, price and involuntary switching. Banks should consider all the stated factors to have better relationship with their customers as these factors serve as barriers of customer service switching.

3. Variables Identification

3.1 Price: From the consumer's perspective, price is what is given up or sacrificed to obtain a product or service (Zeithaml, 1988). Price in banking industry refers to account opening fee, transaction fees, bank charges, interest on loans, surcharges, ATM charges, penalties, interest for saving account and deposits. Price is consideration of what one pays for the benefit or service he gets from another. Unfavorable price perceptions can cause customers to switch banks (Campbell, 1999). Almossawi (2001) study found that the price element in a banking industry influences the young customer to compare between two banks and induce them to switch over from one bank to another bank. The research indicated that financial benefit is one of the factors which influenced the customer in selecting the bank. Keaveney's (1995) and later Gerrard and Cunningham (2004); Clemes et al. 2007 found price as the most influential factor among all that determined the customers in their switching behaviour. In Malaysia Hazimah (2009) documented that financial benefit is ranked fifth of the nine factors identified. The study conducted by Clemes et al. (2010) explored switching costs, price, service quality as the important factors influencing switching behavior in Chinese banking industry. Pirzada, Syed Shahzaib et al (2014) study in Pakistan; Vyas & Raitani (2014) and Khanna & Sharma (2017) in their study of Indian consumers found that Price is one of the important factor which determines the switching behavior or serves as barrier to switching.

3.2 Service Quality: Quality of services are denoted by politeness of the staff when dealing with customers, the ability of the staff to convey trust and confidence; efficiency and effectiveness of the service, and the ability of staff to get the customer's problems solved, experience and interaction with staff and inconvenience to customers. To improve the service quality, it is important that the bank's staffs are well trained with their ethics, professionalism, duties and responsibilities towards customers. It is expected that the staff would be articulate when explaining a product to customers to avoid confusion. A better service quality will undoubtedly attract new customers and retain the existing customers, since businesses these days are customer-centric. Parasuraman and Zeithaml (2006), inferred that service quality exists when there is fulfillment of desire, need of the customers which they expect from the services. Poor service quality is one of the determinants of poor loyalty and unfavorable behavioral intentions (Aydin and Ozer, 2005; Zeithaml et al., 1996) A high-level of service quality is essential in order to prevent banking customers from switching (Zeithaml et al., 1996) . Keaveney (1995), Colgate and Hedge (2001) and Gerrard and Cunningham (2004) have empirically confirmed that inconvenience was an important. Colgate and Hedge (2001) and Gerrard and Cunningham (2004) empirically demonstrated that an unfavorable experience with the staff that deliver the service was a principal factor that caused customers to switch banks. Pirzada, Syed Shahzaib et al (2014) study in Pakistan; Vyas & Raitani (2014) ;Khanna & Sharma (2017)and Singh and Kaur (2011) in their study of Indian banking consumers found that Service quality significantly determines the switching behavior or serves as barrier to switching.

3.3 Switching Cost: In the banking industry, switching costs can be interpreted in terms of money, time, and effort, such as transferring funds, opening a new account, and registering for online banking systems. These switching barriers are seen as one of the reasons that inhibit customer switching behavior. Kiser (2002) states that switching costs for bank customers may include the time necessary to open a new account, close an old account, and notify parties with who automated payments occur. A study was carried out by Matthews. (2009) identified various elements of switching costs namely learning costs, search cost, monetary loss, personal relationship, brand relationship, hassle and uncertainty. The result of above research study showed that hassle is the most important variable among all the others in switching cost while monetary loss has surprisingly become the least important variable.

3.4 Location of Bank : Location refers to the accessibility to the service provider which is a crucial factor that could determine the bank switching behaviour. People may prefer to select the nearest branch of a bank from their either residential place or work place (Kisser, 2002). Convenience of ATM location (Kisser, 2002) and distance (Safakli, 2007; Salleh & Hazimah, 2009) and parking space are some of the factors that retained their customers and attracted more customers from that locality (Almossawi, 2001).

3.5 Reputation of Bank: Reputation of bank is determined by the financial stability and integrity of a bank. Bennett and Kottasz (2000) defined reputation as an amalgamation of all expectations, perceptions and opinions of an organization developed over time by customers, employees, suppliers, investors and the public at large in relation to the organization's qualities, characteristics and behavior, based on personal experience, hearsay or organization's observes past actions. Reputation is a key asset to firms as it is valuable, distinctive, difficult to duplicate, non-substitutable and provides the firm with a sustainable competitive advantage (Wang et al., 2003; Hall, 1993). According to Clemes et al.,(2007) reputation depended on three elements, namely the reliability of banks, trust worthiness of the bank, and the financial stability of the bank. The coefficient value for reputation revealed that, a bank with bad reputation led to the tendency of bank switching by customers. Gerrard and Cunningham (2004) identified bank reputation as one of the major factors that cause customers to switch banks in the Asian countries. The study by Abdullah (2007) indicated that reputation was one of the factors that affected customer's switching behaviour in Malaysian Islamic banking sector. Vyas & Raitani (2014) and Khanna & Sharma (2017) in their study of Indian consumers found that Price is one of the important factors which determine the switching behavior.

3.6 Promotional Advertising: Advertising is defined as promoting the products or services of a brand or company for the purpose of letting the consumers know the existence of it as well as enhance the image of a service, firm or business. Promoting the business through announcing various offers such as free gifts or lucky draw attracts more customers and may help reduce the switching behaviour (Gerrard & Cunningham, 2004). Clemes, et al.(2007); Cengizet et al.,(2007) suggested that advertisement is one of the important determinants which influences the bank image in public. Advertising efficiency has a direct positive effect on bank image as well as customer expectation. Devlin (1997) has suggested that effective advertising should add value in the eye of the customer. Raitani (2014) and Khanna & Sharma (2017) in their study of Indian consumers found that Price is one of the important factors which determines the switching behavior or serves as barrier to switching.

3.7 Involuntary switching : According to East et al, (2001), involuntary switching is defined as an unwillingness of customer to switch bank however they may be induced to switch due to unavoidable factors such as shifting residence, closure of business by the service provider etc. (East et al, 2001).   Relocation is the most frequently cited reason for bank switching. Keaveney (1995) describes the factors beyond the control of either customers or the service providers as involuntary switching factors. Customers may switch unintentionally, such as by moving house, changing jobs, or branches being closed in their resident area. Many researchers have proved that involuntary switching is one of the contributing factor encouraging customers to switch in service industry (Friedman and Smith, 1993; Ganesh et al., 2000; Khan et al., 2010). Anjum et al. (2012) found distance being most important factor and involuntary switching being least important factor for switching among Indian private banking customers.

3.8 Responses to Service Failure: It includes the problems arising when dealing with service failures, conflict situations, responding to complaints (involved negative response, no response or forced response) (Zikiene and Bakanauskas, 2009).Hirschman (1970) demonstrated that service failures could provoke two active negative responses: voice and exit. Day and Landon (1977) described the notion of voice by explaining that voice can be complaining to the service provider, complaining to acquaintances (negative word of mouth), or complaining formally to third parties in order to help seek redress. For exit, Singh (1990) referred to the voluntary termination of an exchange relationship. Due to the characteristic of inseparability, financial services are often provided at a service counter with direct contact between a bank's employees and the customer, or by telephone. According to Michel (2004) [39], although banks try to provide error-free services, service failures are inevitable because the bank-customer interaction is influenced by many uncontrollable factors. Keaveney (1995) found that over 17 per cent of all service switching incidents were caused in part by unsatisfactory employee responses to service failures. Vyas & Raitani (2014) and Khanna & Sharma (2017) in their study of Indian banking consumers found that responses to service failure significantly determines the switching behavior.

3.9 Customer Satisfaction: Customer satisfaction is an output, resulting from the customer's pre-purchase comparison of expected performance with perceived actual performance and incurred cost (Churchill and Surprenant, 1982) whereas cumulative customer satisfaction is an overall evaluation based on the total purchase and consumption experience with a product or service over time (Aydin et al., 2005) . According to Taylor and Baker (1994),Customer satisfaction is an exit barrier which facilitates organization in customer withholding and directs to repeat purchase .Moutinho and Smith (2000) revealed that bank customer attitudes towards the human provision of services and subsequent level of satisfaction will effect bank switching more than when the same service delivery made through the automation. Athanassopoulos et al. (2001) examined the impact of customer satisfaction on switching intentions and concluded that as bank consumers have lower perceptions of customer satisfaction, they would connect to unfavourable behavioral responses and found negative relation between both constructs.

3.10 Innovative Service Product Offerings: Service products include a core service, plus additional specific features, service specifications and targets (Rust and Oliver, 1994). Although financial products and services are nearly identical in nature (Beckett et al., 2000), many researchers have demonstrated that banking products influence customer's decision to switch (Kiser, 2002). In a technology-driven, fast-paced environment, delivering a wide range of products to customer is essential for businesses' success and survival. Service products associated with technologies can reduce transaction costs, switching rates and encourage customers to create services outcomes on their own (Bitner et al., 2002). The less innovated banks which cannot offer technology based quick, convenient and higher quality service delivery effectively may cause customers to switch banks (Zhang, 2009).

4. Conceptual Framework
Based on the study of review of literature ten factors namely Price of the service , Service quality of bank, Switching cost, Location of Bank, Reputation of bank, Promotional advertising, Involuntary switching, Response to service failure, Customer satisfaction and innovative service product offering were identified as independent variables which are hypothesized to have influence on Bank customer switching intention . The conceptual model can be depicted as in fig 1.
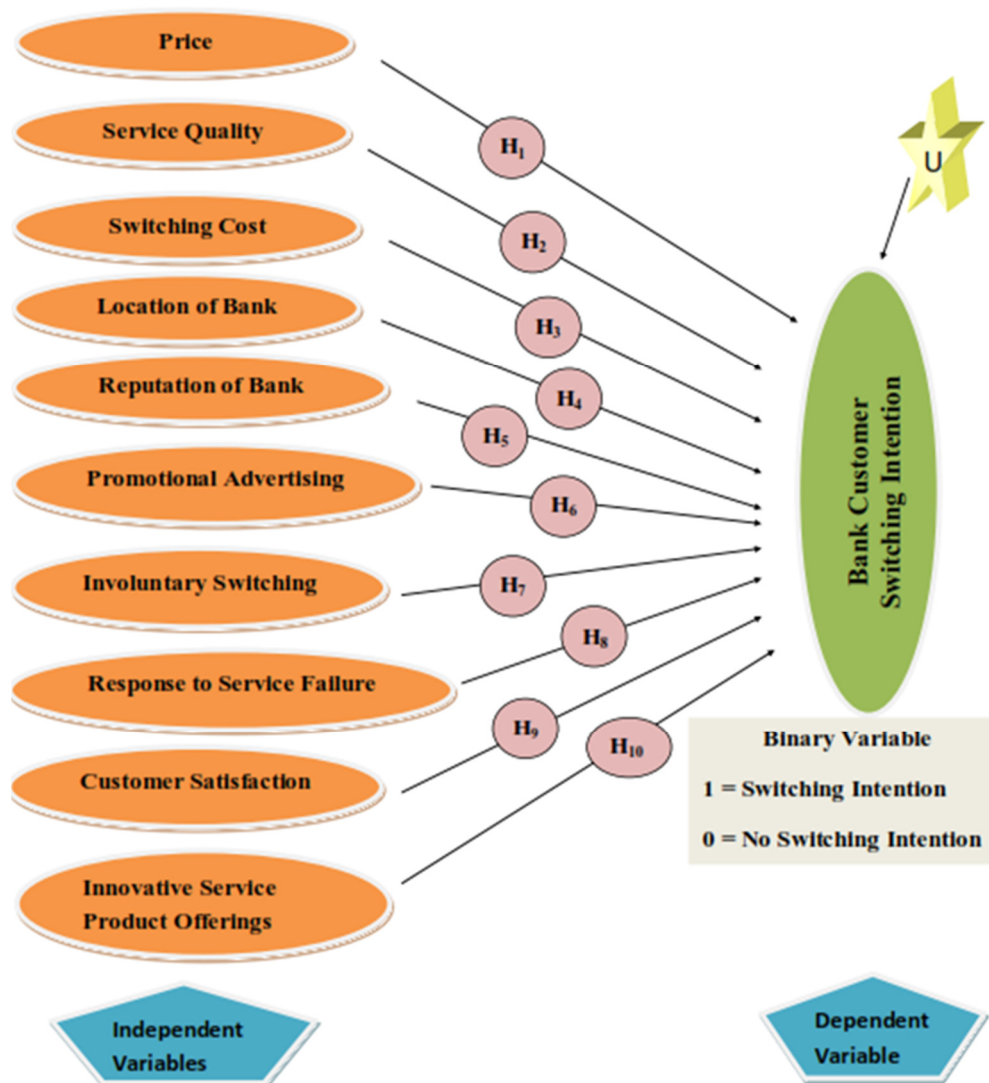
Fig 1: Conceptual framework of research

5. Mathematical Model

BSI = f (PR, SQ, SC, LB, RB, PA, IVS, RSF, CS, ISPO, µ)

(*Where,* BSI = Bank switching intention; PR = Price; SQ = Service quality; SC = Switching cost; LB = Location of bank; RB = Reputation of bank; PA = Promotional advertising; IVS = Involuntary switching; RSF = Response to service failure; CS = Customer satisfaction; ISPO = Innovative service product offerings; µ = Stochastic error) The logistic regression model has been used to identify variables that have been influential in the switching behaviour of customers. Specifically, the study seeks to find out if some factors (independent variables measured on continuous scale) tend to influence the likelihood of customers switching (binary dependent variable). As in logistic regression we estimate the probability of observing the outcome variable (i.e. a customer's switching intentions) given independent variables. The customer's switching intention can be characterized by the relation *P(z)*. From the expression the probability of switching behaviour increases with a unit increase in the independent variable when a coefficient of independent variable is positive.

$$P(z) = \frac{1}{1 + e^{-z}} = \frac{1}{1 + e^{-(a + \sum \beta_i X_i)}}$$

Where, *P(z)* = probability of customer switching intention; a = constant; β = regression estimated coefficient; $X_i's$ = independent variables

For our model probability of customer switching intention can be written as:

$$P(\text{BSI}) = \frac{1}{1 + e^{-(a + \beta_1 \text{PR} + \beta_2 \text{SQ} + \beta_3 \text{SC} + \beta_4 \text{LB} + \beta_5 \text{RB} + \beta_6 \text{PA} + \beta_7 \text{IVS} + \beta_8 \text{RSF} + \beta_9 \text{CS} + \beta_{10} \text{ISPO})}}$$

6. Research Hypothesis

H₁: Price is significant customer determinant of bank switching behaviour. (Almossawi ,2001; Keaveney's ,1995; Gerrard and Cunningham ,2004; Clemes et al., 2007; Hazimah ,2009; Clemes et al. ,2010; Pirzada, Syed Shahzaib et. al.,2014; Vyas & Raitani ,2014; Khanna & Sharma, 2017.)

H₂: Service Quality is significant customer determinant of bank switching behaviour. (Keaveney's ,1995; Gerrard and Cunningham ,2004; Aydin and Ozer, 2005; Zeithaml et al., 1996; Colgate and Hedge ,2001; Pirzada, Syed Shahzaib et. al.,2014; Vyas & Raitani ,2014; Khanna & Sharma, 2017)

H₃: Switching cost is significant customer determinant of bank switching behaviour. (Kiser, 2002; Matthews; 2009)

H₄: Location of the bank is significant customer determinant of bank switching behaviour. (Almossawi, 2001; Kisser, 2002; Safakli, 2007; Salleh & Hazimah, 2009)

H₅: Reputation of the bank is significant customer determinant of bank switching behaviour. (Wang et al., 2003; Hall, 1993; Clemes et al., 2007; Gerrard and Cunningham, 2004), Abdullah, 2007; Vyas & Raitani, 2014; Khanna & Sharma, 2017)

H₁: Promotional Advertising is significant customer determinant of bank switching behaviour. (Gerrard and Cunningham, 2004; Clemes, et al., 2007; Cengizet et al., 2007; Vyas & Raitani, 2014; Khanna & Sharma, 2017)

H₆: Involuntary switching is significant customer determinant of bank switching behaviour. (East et al, 2001; Keaveney ,1995; Friedman and Smith, 1993; Ganesh et al., 2000; Khan et al., 2010;Vyas & Raitani ,2014; Khanna & Sharma, 2017)

H₇: Response to service failure is significant customer determinant of bank switching behaviour. (Michel, 2004; Keaveney ,1995; Vyas & Raitani ,2014; Khanna & Sharma, 2017)

H₈: Customer satisfaction is significant customer determinant of bank switching behaviour. (Taylor and Baker, 1994; Moutinho and Smith, 2000; Athanassopoulos et al., 2001; Vyas & Raitani ,2014)

H₉: Innovative service product offerings is significant customer determinant of bank switching behaviour. (Kiser, 2002; Bitner et al., 2002; Zhang, 2009; Vyas & Raitani , 2014)

7. Research Methodology

The research design was causal cross sectional and primary data was collected using structured questionnaire where independent variables were measured on interval scale while dependent variable (intention to switch) was dichotomous. A survey questionnaire was prepared using five point Likert scale (1 = strongly disagree, 5= strongly agree) to measure the response on continuous scale for independent variables. The research was conducted between Sep 2018 to Nov 2018.Target population was retail bank customers of nine banks (six nationalized and three private) of New Delhi, India. Sample frame was the bank customers who visited the bank on the days of the study and sample size was 450 (50 customers of each bank). Sampling technique used was convenience. Pilot study was conducted on 27 bank customers (3 from each bank) to check the reliability of the questionnaire. Reliability was checked by used using Cronbach alpha to understand how closely the set of items are related as a group or factor which ranged from 0.79 to 0.93 which shows that the questionnaire is highly reliable. Data analysis was done using binary logistic regression to determine the factors that were related to customers switching intentions.

8. Analysis and Findings

Table 1 displays the Omnibus tests of model coefficients which shows chi-square statistic indicating that the model including the predictors is significantly better than without those predictors. Here the chi-square is highly significant *(*chi-square = 351.936, df = 10, p<.000*)* so our new model is significantly better in predicting switching behaviour categories significantly better then it was with only the constant included.

Table 1: Omnibus tests of model coefficients

	Chi-square	df	Sig.
Step	351.936	10	.000
Block	351.936	10	.000
Model	351.936	10	.000

Table 2 contains the Cox & Snell R Square and Nagelkerke R Square values, which are both methods of calculating the explained variation (pseudo R^2). R^2 is a measure of predictive power, that is, how well we can predict the dependent variable based on the independent variables. Therefore, the explained variation in the dependent variables based on our model ranges from 54.3 % to 80.6%, depending on whether our reference is Cox & Snell R^2 or Nagelkerke R^2 methods, respectively. Nagelkerke R^2 is preferable to report which shows our model predicts 80.6% variation by 10 independent variables.

Table 2: Model Summary

-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
150.843	0.543	0.806

Table 3: Hosmer and Lemeshow Test

Chi-square	df	Sig.
6.576	8	0.583

Table 3 produces the result of Hosmer & Lemeshow test of the goodness of fit. The test assesses whether the model is consistent with the data (if p-value is below .05, we reject the model). In our model p value is more than .05 (.583) which suggests the model is a good fit to the data.

The table 4 displays two tables (a & b), table 4(a) shows the classification table which contains the classification results when variables are not included. The overall percentage row tells us that prediction is correct 75.3% of the time. As 75.3% of people were correctly classified, classification from the null model is 75.3% accurate. Table 4(b) contains the classification results when variables are included. We see our model is now correctly classifying the outcome for 91.6% of the cases compared to 75.3% in the null model which shows an improvement. Table also predicted switching rate of 24.22% (table 4(b). This indicates that there is probability that 24.22% of customers, with the given characteristics are likely to switch from the bank while 75.78% of customers, with the given characteristics are not likely to switch from the bank.

Table 4 (a): Classification Table before model (predictor variables are not included)

Observed		Predicted		
		Switching Intention		Percentage Correct
		no	yes	
Switching Intention	No	339	0	100
	Yes	111	0	0
Overall Percentage				75.3

Table 4 (b): Classification Table of model (predictor variables are included)

Observed		Predicted		
		Switching Intention		Percentage Correct
		No	Yes	
Switching Intention	no	320	19	94.4
	yes	19	92	82.9
Overall Percentage				91.6

Table 5: Variables in the Equation

	B	S.E.	Wald	df	Sig.	Exp(B)
Customer Satisfaction	-1.608	0.539	8.890	1	0.009	0.200
Innovative Services offerings	-1.766	0.515	11.76	1	0.000	0.171
Service Quality	-1.303	0.534	5.953	1	0.011	0.272
Price	2.943	0.585	25.311	1	0.000	18.972
Response to Service Failure	-1.993	0.492	16.435	1	0.000	0.136
Location of Bank	0.673	0.631	1.136	1	**0.096**	1.959
Involuntary Switching	-0.06	0.43	0.02	1	**0.189**	0.942
Promotional Advertising	-.523	0.459	1.297	1	0.047	0.591
Switching cost	-.823	0.494	2.775	1	0.036	0.439
Reputation of Bank	-1.167	0.54	4.668	1	0.027	0.311
Constant	17.522	3.262	28.853	1	0.000	40694459

Table 5 'Variables in the Equation' which summarizes the importance of the explanatory variables individually whilst controlling for the other explanatory variables. The b value states how much change in outcome variable will be caused by change in unit change in explanatory variable(predictor).The Wald test is used to test the hypothesis that each $\beta = 0$. The Wald test is used to determine statistical significance for each of the independent variables. Looking at Wald column in table 5 states that eight variables namely Price, Service quality, Switching cost, Reputation of bank, Promotional advertising, Response to service failure, Customer satisfaction, Innovative service product offerings significantly affects switching intention (Sig < .05) while predictors Location of bank and Involuntary switching do not significantly affect bank switching intention as Sig > .05. Price and Response to service failure are two most important factors respectively (ward = 25.311 & 16.435). The logistic regression function can be written as:

$$P(\text{BSI}) = \frac{1}{1 + e^{-(17.522 + 2.943\,\text{PR} - 1.303\text{SQ} - .823\text{SC} - 1.167\text{RB} - .523\text{PA} - 1.993\text{RSF} - 1.608\text{CS} - 1.766\text{ISPO})}}$$

The negative b value indicates reverse relationship with swithcing intention (coded 1). For example, Service quality, Switching cost, Reputation of bank, Promotional advertising, Response to service failure, Customer

satisfaction, Innovative service product offerings are inversely related with switching intention while Price is directly related with switching intention. It means if price of service increase, switching intention increases while if Response to service failure increases switching intention decreases.

The odd ratio (β) for the significant factors, shows the increase (or decrease if the ratio is less than one) in odds of being in one outcome category (switch or not switch) when the value of the predictor increases by one unit. From the table 5 we see for one unit increase in customer satisfaction will decrease switching intention by .200. It means that risk of customers switching the bank (coded 1) is 20% because of non satisfaction. One unit increase in price of the bank service will increase switching intention by 18.972 or risk of customers switching the bank (coded 1) is 1877.2. % because of 1% price increase which is very high, keeping all other factors constant.

Another analysis was conducted to see whether switching intention differs in six public banks and three private banks. Table 6 displays the result of Mann-Whitney U Test to compare two independent samples. We see as the sig is .619 which is more than .05, we infer that there is no significant difference in bank switching intention of customers of public bank and private bank.

Table 6: Mann-Whitney Test Statistics

	Switching Intention
Mann-Whitney U	3008.000
Wilcoxon W	3569.000
Z	-.497
Asymp. Sig. (2-tailed)	.619

9. Research Hypothesis

H$_1$: Price is significant customer determinant of bank switching behaviour. Hypothesis is accepted as p = 0.000 which is less than .05 at 5% level of significance.

H$_2$: Service Quality is significant customer determinant of bank switching behaviour. Hypothesis is accepted as p = 0.011which is less than .05 at 5% level of significance.

H$_3$: Switching cost is significant customer determinant of bank switching behaviour. Hypothesis is accepted as p = 0.036 which is less than .05 at 5% level of significance.

H$_4$: Location of the bank is significant customer determinant of bank switching behaviour. Hypothesis is rejected as p = 0.096 which is greater than .05 at 5% level of significance.

H$_5$: Reputation of the bank is significant customer determinant of bank switching behaviour. Hypothesis is accepted as p = 0.027which is less than .05 at 5% level of significance.

H$_1$: Promotional Advertising is significant customer determinant of bank switching behaviour. Hypothesis is accepted as p = 0.047 which is less than .05 at 5% level of significance.

H$_6$: Involuntary switching is significant customer determinant of bank switching behaviour. Hypothesis is rejected as p = 0.189 which is greater than .05 at 5% level of significance.

H$_7$: Response to service failure is significant customer determinant of bank switching behaviour. Hypothesis is accepted as p = 0.000 which is less than .05 at 5% level of significance.

H$_8$: Customer satisfaction is significant customer determinant of bank switching behaviour. Hypothesis is accepted as p = 0.009 which is less than .05 at 5% level of significance.

H$_9$: Innovative service product offerings is significant customer determinant of bank switching behaviour. Hypothesis is accepted as p = 0.000which is less than .05 at 5% level of significance.

10. Conclusion and Recommendation

The research revealed that eight factors namely Price, Service quality, Switching cost, Reputation of bank, Promotional advertising, Response to service failure, Customer satisfaction, Innovative service product offerings significantly affects switching intention while Location of bank and Involuntary switching had insignificant effect on switching intention with a predicted switching rate of 24.22%..This indicates that there is probability that 24.22% of customers, with the given characteristics are likely to switch from the bank. The model explains 80.6% variation in dependent variable. Location of bank and Involuntary switching were found to be non-significantly associated with switching intention may be because all branches are CBS and all banks have many possible no of branches. There is also no significant difference in bank switching intention of customers of public bank and private bank which means both set of customers thing about switching is the same. Price, Response to service failure and Innovative service product offerings were three important critical factors for bank switching. Therefore, there is a need for banks to review their bank charges or transaction fees, they must be very responsive to the service failures and try to rectify customer complaints relating to service failure and should come out with innovative schemes to have a competitive edge.

11.Scope for Future Research

Future researches are proposed in other service industries like medical, telecom and FMCG sector taking into

consideration this research as reference. Other variables can also be added or deleted depending upon the nature of services. Same kind of research can be applied to other countries having same or different kinds of banking system, technological advancements and level of competition.

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