

Customer switching behaviour in the Sri Lankan retail banking Industry

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Abstract

With the intense competition and increasing globalization in the financial markets, Customer switching has become an important issue for banking industry. This study aimed to investigate the factors influencing the customer switching behaviour as a complex phenomenon among the loan recipients of the Saubagya Loan Scheme of ABC Bank with special reference to Kandy District. Cluster sampling and simple random sampling were used to select the respondents from 19 divisional Secretariats and by using pretested questionnaires among these beneficiaries the factors such as service quality, price, commitment, distance, demographic factors, anger incident, customer involvement in decision-making, switching costs and alternative attractiveness have measured. Correlation analysis, regression analysis and ANOVA statistical analysis have used to find the aimed results. According to the multiple regression ANOVA table results it is confirmed that multiple regression model is significant ($P=0.000$). This means there is significant relationship between dependent (Switching Intention) and independent variables (Push Factor, Mooring Factor, Pull Factor). Also the results demonstrated the existence of negative relationship between (service quality, fair price, and bank commitment) and customer switching behaviour, while a positive relationship exists between anger incident and switching behaviour. To reduce switching phenomenon, management of the banks should do more efforts and pay more attention to improve the level of service quality, commitment, and price. Banks' employees should trained to deal well with customers and carrying out their duties effectively and efficiently. In general, the results of this research allow service marketers and practitioners to develop and implement services marketing strategies to decrease customer defection rates, and in turn, increase bank profits.

Keywords : Customer Switching Behaviour, Banking Industry, Small and Medium Scale Business Operators, Customer Oriented Strategies, Retail Banking

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