Chapter 2
Review of Literature

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Reference
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2.1 Introduction

The literature review focuses on the major factors influencing evolution of banking industry, retail banking and factors impacting on customer’s bank switching behaviour, such as price, reputation, service quality, effective advertising competition, involuntary switching, distance, and switching costs. This chapter also provides a summary of the research gaps identified in the customer’s switching behaviour literature.

2.2 Thesis Review

Claire Dianne Mathews (2009), [1] Although many international studies emphasize why customers switch service organizations and switching behavior importance, there has been little empirical research focused on the factors that have impact on bank switching behavior in the New Zealand banking industry. This research illustrates a range of factors that influence Chinese bank customers’ switching behaviour through an exploratory investigation. This study also shows that some factors are more influential than others. An understanding of these influencing factors allows managers to direct efforts and resources in the most effective and efficient way to prevent customer’s departure, and reduce business losses in the long run that result from customers switching banks.

Dongmei Zhang (2009), [2] found that, Switching costs are identified as the most important factor that influences the customers to switch banks. However, banks should not only rely on increasing switching costs in an attempt to retain their customer base because doing so could bring downside effects to banks. Banks who try to attract new customers from their competitors will also benefit from an understanding of what factors cause customers to switch banks. Bank managers can make use of such information to develop appropriate strategies to attract new customers. In general, the greater the knowledge the bank management has about the factors affecting their customers switching behaviour, the greater their ability to develop appropriate strategies to reduce bank switching.
Mustafa Murad (2011), [3] This study attempts to investigate customer switching intentions as a complex phenomenon that is affected by a series of bank actions in terms of service quality, price, commitment, and anger incident as direct factors, in addition to other moderating factors that moderate the effect of the direct factors on these intentions, namely customer involvement in decision making, switching costs, alternative attractiveness, and duration of customer relationship. Primary data was collected through a questionnaire with a sample of 550 customers from Bank of Palestine and Cairo Amman Bank, of which 385 were retrieved and met the screening requirements, representing a net response rate of 70%. Based on mean analysis, it was found that customer switching intentions differ according to the bank and customer's category, which is related to the banks' actions in terms of service quality, price, commitment, and anger incident. Correlation analysis demonstrated the existence of a negative relationship between (service quality, fair price, bank commitment) and customer switching intentions, while a positive relationship exists between anger incident and these intentions. Multiple linear regression revealed that 48.8% of the variation in customer switching intentions is explained by service quality (the most significant factor), bank commitment (the second significant factor), and anger incident (the third significant factor), while price was insignificant and excluded from the model. Based on multi-sample analysis, the following findings were achieved: High involvement reinforces the effect of bank commitment and anger incident on customer switching intentions. Switching costs have no moderating effect. Knowledge of better alternative attractiveness reinforces the effect of anger incident on customer switching intentions. Long of customer relationship duration attenuates the effect of anger incident on customer switching intentions. 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 be trained to deal well with customers and carry out their duties effectively and efficiently.

N. M. Goonetilleke (2009), [4] the researcher in the study found that, the emerging technology has made an exponential growth of the Internet which has changed the pattern of organizations performing their business with customers. The banking industry was no exception. In order to gain competitiveness, banks have been introducing more Internet Banking Services. Managing effective Customer Retention strategies were increasingly important in the banking industry. Since the length in years of customer
relationships were one of the most important factors that contribute to the profitability. As a result, Customer Satisfaction may be one important driver of Customer Retention. The Switching Costs was also likely to influence Customer Retention independently. The presence of Switching Costs can mean that customers who were already retained actually dissatisfied but do not defect because of high Switching Costs. Therefore, the researcher had set up five objectives to achieve the key factors that affect the Switching Cost which had a reasonable effect on the relationship between Customer Satisfaction and Customer Retention. Based on the previous literature, a conceptual framework was developed to determine the impact of Switching Cost on Customer Satisfaction and Customer Retention for Internet Banking Services. His conceptual framework had two main parts featuring the customer attributes and elements of Switching Cost, Customer Satisfaction and Customer Retention process. The part I examines demographic aspects of Customer Satisfaction and Customer Retention while part II examines the specific elements of Switching Cost, Customer Satisfaction and Customer Retention. The research was mainly based on data, collected from Internet banking customers in Sri Lankan commercial banks. The results of the statistical analysis showed that there were specific factors that affect Switching Cost on Customer Satisfaction and Customer Retention, the significant behavioural patterns of customers on Switching Cost were identified and there were evidence on significant differences among the cluster of customers based on their contextual situation.

Laufey Karitas Einarsdottir (2010), [5] this thesis explores the concepts trust and behavioural loyalty within the Iceland banking industry and how trusting and behaviorally loyal customers are towards their banks. The two objectives were first to identify which factors influence trust and behavioural loyalty based on previous literature and second, to analyze if these same factors affect customer trust and behavioural loyalty in the Icelandic banking market. Furthermore, the influence of trust on behavioural loyalty was also examined. That was relevant, as the Icelandic banks are experiencing a financial crisis that started in 2008, which has lead to a considerable decrease in trust and loyalty towards the banks. Furthermore the thesis discusses, how can Icelandic banks increase and retain trust and behavioural loyalty? The authors identified different variables such as customer satisfaction, commitment, switching barriers, communication, habit, conflict handling and image that were all considered to affect trust and loyalty, either directly or indirectly. Further, a recap of the Icelandic
banking industry was made to capture the current market situation after the bankruptcy. In order to answer the problem statement, the identified factors were analyzed to determine how they influence trust or/and behavioural loyalty. Hence, the empirical part of the thesis was based on both qualitative and quantitative research methods where current customers of the selected Icelandic banks form the research subject. The results reveal that trust does influence behavioural loyalty directly and can therefore be stated as an antecedent of behavioural loyalty. Furthermore, both commitment and communication with service providers influence trust, where commitment had much stronger effects. The same two factors, affect behavioural loyalty as well where both show relatively high effects. Thus, when it comes to trust and behavioural loyalty, commitment to the bank and communication with the service providers were most influential and were highly valued by customers. A further analysis of the data shows significant difference in trust and behavioural loyalty depending on customers’ length of relationship with their current bank. The level of trust and behavioural loyalty also tends to be different depending on customers’ current retail bank, where the difference between the bank with the lowest score and the highest score was significant. There was also significant difference between genders, where men tend to be more trusting and behaviorally loyal than women. As mentioned, certain drivers have been identified by previous studies to influence trust and behavioural loyalty. However, that study shows that in circumstances where the Icelandic market was affected by a financial crisis, many of the mentioned factors do not matter. It was therefore concluded that when customers have such negative view of the banks, the main strategies to gain trust and behavioural loyalty were through commitment and communication with the service providers.

Young Han Bae (2012), [6] this research was based on, the association between customer satisfaction and customer loyalty was one of the most central relationships for marketing theory and practice. To improve the understanding of this essential relationship in marketing, they develop a comprehensive and flexible theoretical framework for analyzing the association between customer satisfaction and customer loyalty, which simultaneously incorporates heterogeneity in the possible dimensions of competitive settings. That theoretical framework was grounded by more than 40 years of academic and practitioner research on the association between these two constructs, which allows to more precisely examining the true nature of the association between
satisfaction and loyalty by incorporating competitive setting heterogeneity. In addition, they test the theoretical framework by estimating a 3-level empirical hierarchical linear model, using American Customer Satisfaction Index data and several customer, firm and industry characteristics. Their findings indicate that the true nature of the association between satisfaction and loyalty is significantly influenced by competitive setting differences. Accounting for such differences allows firms and managers to significantly increase their ability to effectively convert satisfaction investments into loyalty. Also, they identified important trade-offs between the intercept and slope of the association between the two metrics, indicating that firms’ incentives to invest or not in satisfaction differ dramatically across industries. Depending on the shape of their satisfaction-loyalty curve, firms can obtain a certain level of loyalty by indirectly choosing how much to invest in satisfaction. Therefore, customer satisfaction must be treated as an endogenous variable. In their subsequent analysis, they control for both satisfaction and competitive settings heterogeneity using a Two-Stage Least Squares 3-level hierarchical linear model, correcting the standard error estimates via a procedure. This research provides precise, important theoretical and managerial insights, and broadens understanding of the essential features of the satisfaction-loyalty relationship.

Haitham Ahmed Akgam (2010), [7] the thesis was focus to evaluate the customer satisfaction of the banks sector in Libya, based on customer perception regarding service quality. This was an empirical study using mainly primary data collected through a well-structured questionnaire. The method of the study Validity and reliability testing of questionnaire using SPSS program for windows version 19. The questionnaire had been personally administered on a sample size of 204 bank customers. The research study makes a useful contribution as there are only a few studies dealing with the assessment of service quality in banking sector of Libya. The findings based on three different independent variables (service quality, customer loyalty and security) showed that all these variables influenced consumers satisfaction in Libyan banking sector. There was a positive impact and significant relationship between the customer satisfaction and two variables (service quality and customer loyalty), and also there was a negative relationship between security and customer satisfaction.
2.3 Banking Industry

Petya Koeva (July 2003), [8] in his study the performance of Indian Banks, During Financial Liberalization states that new empirical evidence on the impact of financial liberalization on the performance of Indian commercial banks. The analysis focuses on examining the behavior and determinants of bank intermediation costs and profitability during the liberalization period. The empirical results suggest that ownership type has a significant effect on some performance indicators and that the observed increase in competition during financial liberalization has been associated with lower intermediation costs and profitability of the Indian banks.

Vibha Batra & Puneet Maheshwari (June 2011), [9] Indian banks, the dominant financial intermediaries in India, have made good progress over the last five years, as is evident from several parameters, including annual credit growth, profitability, and trend in gross non-performing assets (NPAs). While the annual rate of credit growth clocked 23% during the last five years, profitability (average Return on Net Worth) was maintained at around 15% during the same period, and gross NPAs fell from 3.3% as on March 31, 2006 to 2.3% as on March 31, 2011. Good internal capital generation, reasonably active capital markets, and governmental support ensured good capitalisation for most banks during the period under study, with overall capital adequacy touching 14% as on March 31, 2011. At the same time, high levels of public deposit ensured most banks had a comfortable liquidity profile.

Roland, Christian (2008), [10] they evaluation of the relationship between financial repression and the associated effects of financial liberalization led to mixed results. The relationships are statistically significant for India over the 1981 to 2004 period. However, in the 1960 to 1980 period, the indicators have despite the increase in expressionist policies shown an upward trend. In fact, here as well, statistically significant relationships can be found that suggest that the indicators have increased because of the increase in financial repression, which is contrary to the predictions of the financial liberalization literature.

Rajesh Chakrabarti (2012), [11] the banking industry in India is undergoing a transformation since the beginning of liberalization. Interest rates have declined considerably but there is evidence of under-lending by the banks. The “social” objectives of banking measured in terms of rural credit are, expectedly, taking a back
The performance of the banks has improved slightly over time with the public sector banks doing the worst among all banks. Over time, the Indian banking industry has become more competitive and less concentrated.

Dinabandhu Bag (2012),[12] This study attempted to examine macro trends in personal finance in India and to understand their implications for the policy makers in emerging markets such as India. It is true that historically personal finance has grown manifold since 1996. However their growth has not been significant looking at the levels of per capita income and also per capita household incomes in India. Increase in employment in the organized sector has definitely boosted the demand for retail credit. The gap between the income and debt levels is increasing which means banks have to revisit their credit policy to fulfil the needs. We conclude that with or without financial inclusion, a large section of the population or households have remained unsaved with retail credit products and the gap between incomes to debt at retail level is increasing. This can actually improve the credit eligibility and also build a culture of credit.

Bill Stephenson and Julia Kiely (1991),[13] researched into the key issues facing banks in order to become better at selling in the personal banking market. The results indicate that the radical change in management style, training, motivation and recognition of branch sales personnel is called for. Developing a true sales culture requires major alterations to management structure and style, and is most likely to be successfully achieved by 'top-down' target setting based on corporate business objective.

Karur Vysya Bank (1989),[14] undertook a study on the image of the bank. The study disclosed that the success of bank marketing depends on building a bank image in the minds of the customers. In a market where product competition does not exist, it is the bank image that will survive.

Roma Mitra and Shankar Ravi (2008),[15] A stable and efficient banking sector is an essential precondition to increase the economic level of a country. This paper tries to model and evaluate the efficiency of 50 Indian banks. The Inefficiency can be analyzed and quantified for every evaluated unit. The aim of this paper is to estimate and compare efficiency of the banking sector in India. The analysis is supposed to verify or reject the hypothesis whether the banking sector fulfils its intermediation function sufficiently to compete with the global players. The results are insightful to the financial
policy planner as it identifies priority areas for different banks, which can improve the performance. This paper evaluates the performance of Banking Sectors in India.

**Kajal Chaudhary and Monika Sharma** (2011),[16] in his article on an evaluation of the financial performance of Indian private sector banks wrote Private sector banks play an important role in development of Indian economy. After liberalization the banking industry underwent major changes. The economic reforms totally have changed the banking sector. RBI permitted new banks to be started in the private sector as per the recommendation of Narashiman committee. The Indian banking industry was dominated by public sector banks. But now the situations have changed new generation banks with used of technology and professional management has gained a reasonable position in the banking industry.

**Sahoo B. K. Sengupta, J. K.** (2007),[17] this paper attempts to examine, using data envelopment analysis, the productivity performance trends of the Indian commercial banks for the period: 1997-98 – 2004-05. The broad empirical findings are indicative in many ways. First, the increasing average annual trends in TE for all ownership groups indicate an affirmative gesture about the effect of the reform process on the performance of the Indian banking sector. Second, the higher cost efficiency accrual of private banks over nationalized banks indicate that nationalized banks, though old, do not reflect their learning experience in their cost minimizing behavior due to X-inefficiency factors arising from government ownership. This finding also highlights the possible stronger disciplining role played by the capital market indicating a strong link between market for corporate control and efficiency of private enterprise assumed by property right hypothesis. And, finally, concerning the scale elasticity behavior, the technology- and market-based results differ significantly supporting the empirical distinction between returns to scale and economies of scale, often used interchangeably in the literature.

**V. K. Varadi, P. K. Mavluri, N. Boppana** (2006),[18] in his study on´ Measurement of efficiency of bank in India concluded that in modern world performance of banking is more important to stable the economy .in order to see the efficiency of Indian banks we have see the fore indicators i.e. profitability, productivity, assets, quality and financial management for all banks includes public sector, private sector banks in India for the period 2000 and 1999 to 2002-2003. For measuring efficiency of banks we have
adopted development envelopment analysis and found that public sectors banks are more efficient than other banks in India.

2.4 Retail Banking

Venkata Sessaiah & Venyale Narender (2007),[^19] in their study “Factors Affecting Customers’ Choice of Retail Banking” stated that the factors that affect the choice of customers in choosing the retail banks by the customers. The study involves a survey of 1000 bank customers using questionnaire as the research instrument, augmented with informal interviews of the customers and also makes thorough use of the information available on the internet. In the study, the attempt is made to identify various factors and also analyzed as to which of these factors exert the greatest, moderate and relatively lower influence as choice criteria. It is an attempt to study the consumer behavior with respect to the people’s choice of retail banks. Fifteen different factors that could be identified, approximately in the order of their importance are Safety of Deposits, Size and Strength, Accuracy, General Service Quality, Speed of Delivery, Proximity Security of Environment, Cordiality of Staff, Price and Service Charges, Product Packaging, General Public Impression, Peer Group Impression, Face Lift (Structural), Friendship with Staff and Advertisement and Publicity. According to the findings, based on the empirical study, the first six factors exert the greatest influence, next four have moderate importance, and the rest five have relatively lower influence. Thus, retail banks must reorganize their activities to achieve their corporate mission through customer orientation. In the competitive and capitalistic markets consumer is sovereign and therefore the bankers must reengineer their view and recognize the predilection and tang of the retail customers.

Delvin James (2000),[^20] studied the developments in the distribution of retail banking services in the UK, using the case study of First Direct, a subsidiary of Midland Bank that successfully introduced telephone-banking service. It was found that in an increasingly competitive and deregulated environment, superior distribution strategies concerned with how to communicate with, and deliver products to the 68 Review of Literature consumers could provide institutions with significant competitive advantage in the marketplace."

Shyamala Gopinath (2005),[^21] find that the banks now need to use retail as a growth trigger. This requires product development and differentiation, innovation and business
process reengineering, micro-planning, marketing, prudent pricing, customisation, technological upgradation, home / electronic / mobile banking, cost reduction and cross-selling. While retail banking offers phenomenal opportunities for growth, the challenges are equally daunting. How far the retail banking is able to lead growth of the banking industry in future would depend upon the capacity building of the banks to meet the challenges and make use of the opportunities profitably. However, the kind of technology used and the efficiency of operations would provide the much needed competitive edge for success in retail banking business.

Nishith Nagar, Enid Masih & Devaraj Badugu (2011),^{22} they investigated, the changing portfolio of retail banking in India has many dimensions. While there is a discernible change in the number and the nature of products been tossed up along with the way in which banking services are being offered, there is also a concerned that growth in retail banking in skewed in favour of assets and is not balanced equally with growth in liabilities (retail deposits).

Dr. Dinesh B. Raghuwanshi (2012),^{23} find the conventional scenario of banks is fast changing. Retail banking has gained enormous momentum in the Indian banking sector during last five years. There is vast opportunity as well as challenges for retail banking in India. The changing portfolio of retail banking in India has many dimensions. There is a need of constant innovation in retail banking.

Dr. Krishna A. Goyal & Vijay Joshi (2012),^{24} study over the years, it has been observed that clouds of trepidation and drops of growth are two important phenomena of market, which frequently changes in different sets of conditions. The pre and post liberalization era has witnessed various environmental changes which directly affects the aforesaid phenomena. It is evident that post liberalization era has spread new colours of growth in India, but simultaneously it has also posed some challenges.

National Institute of Bank Management (1986),^{25} conducted a large-scale survey to study the behaviour of households and to develop appropriate marketing strategies for deposit mobilization and found that banking is largely a habit of literate Indians. Majority of the non-bank savers is illiterates. The level of awareness of bank deposit schemes is quite low among rural non-bank savers. The study stresses the need for adopting appropriate marketing strategies to penetrate untapped market for deposit.
Terrence Levesque and Gordon H.G. (1983), [26] in their study titled, “Determinants of customer satisfaction in retail banking” investigated the major determinants of customer satisfaction and future intentions in the retail bank sector. The study identifies the determinants which include service quality dimensions: getting it right the first time, service features: competitive interest rates, service problems, service recovery and products used. It was suggested that service problems and the bank’s service recovery ability have a major impact on customer satisfaction and intentions to switch.

2.5 Switching Behaviour

Kate Stewart (1998), [27] in his study “An exploration of customer exit in retail banking” states that if the marketing community is to adopt the prescriptions of the relationship marketing school of thought, more knowledge and understanding of relationships is required. The base of knowledge is growing and there is now greater appreciation of the processes germane to healthy relationships, such as trust, satisfaction and commitment. Much less attention has been paid to the negative aspects such as relationship breakdown and ending. It was stated that the neglected area of the ending of customer bank relationships or customer exit. Interviews were conducted with bank customers who had recently used the exit option. Content analysis of the customers’ stories was used to generate a model of the customer exit process the study took the perspective of the customer. It was stated that customers end bank relationships after an involving process of problem, effort, emotion and evaluation, discussion of the findings concludes that banks need to develop relationship management systems and skills.

Colgate & Hedge (2001), [28] Customer switching means customers forsake one service provider for another and switching has become a focus of research in the service sector. Several researchers have investigated the reasons why customers switch service providers. For example, they conclude that price, service failures, and denied services are the most important factors that influence customers to switch banks in New Zealand.

Michael D. Clemes & Christopher Gan (2008), [29] in the study, they initially applied brand-switching models to analyze market share in the goods market. However, for services, consumer switching behavior may be different because services are distinguished from goods based on five special characteristics: intangibility, inseparability, heterogeneity, perishes ability, and ownership. These special characteristics usually result in the absence of a tangible output in services and they
distinguish services from goods.

Yoon C. Cho (2012),[30] Customer acceptance in the online environment has been drastically changed due to the presence of the Internet. After adopting products, customers’ willingness to adopt services in the online environment has received increased attention. This study explores how customer were willing to switch from offline to online services by examining i) the factors of dissatisfaction in the offline service environment; ii) how overall dissatisfaction affects regret and complaining behavior; and iii) how the level of regret and complaining behavior affects switching behavior. Proposed relationships are developed based on the theoretical background of satisfaction/dissatisfaction in the virtualized environment. By applying various statistical analyses, this study identifies managerial and theoretical implications and offers suggestions for the management of e-business customer relationships.

Leonce Newby & Tony Ward (2009),[31] this empirical study describes the findings from a survey of 120 consumers on the reported causes of switching service product suppliers. Ten principal causes for switching were identified and respondents were asked to identify all of the reasons why they had switched for a recent service product purchase. The results were rank ordered and compared with the seminal study by seven causes. The main similarity was the confirmation that ‘Core service failure’ was the principal cause of switching in both studies, accounting for about 30% of events. The main difference was that ‘Competition’ moved from sixth ranked in the study to second in this study, indicating perhaps the increasing competitiveness of contemporary markets.

Mittal, B. and Lasser W.M. (1998),[32] the study indicated that the unique characteristics of switching behavior in specific service contexts such as banking may be masked when generalized models are directly applied. For example, even though a problem may occur frequently and cause switching in some service industries, it does not necessarily mean that the problem will be an important influence on a customer’s eventual decision to switch banks.

Vahid Sharafi & Rasoul Azimi (2015),[33] The study was an attempt to survey the mediatory role of the customer’s anger in the relationship between bank regulations and the customer’s switching behavior. A case study of Ilam-based banks was used. Statistic
population was comprised of all customers of the banks in Ilam city. With unlimited number of the members of the population, the study group based on the pertinent formula was obtained 384. Regarding reliability, Cronbach’s alpha was used ($\alpha=0.896$) and high reliability of the questionnaire was ascertained. For data analysis, structural equations were used in Lisrel. The results confirmed a significant relationship between regulations and provisions of banks and the customer’s anger. Moreover, significant relationship was found between the customer’s anger and changing the bank. In addition, the results revealed the mediating role of the customer’s anger in the relationship between regulations and provisions of the bank and the customer’s switching behavior.

Gerrard P. and Cunningham J.B. (2000),[34] also identified six incidents that they considered to be important in gaining an understanding of switching between banks. These incidents were: inconvenience, service failures, pricing, unacceptable behavior, attitude or knowledge of staff, involuntary/seldom mentioned incidents, and attraction by competitors.

Luther Denton, Allan K.K. Chan (1991),[35] in the study “Bank Selection Criteria of Multiple Bank Users in Hong Kong” investigates multiple banks behaviour in Hong Kong. The study analyses the number of banks used by each person, the types of services used at each bank, and the factors that influence this type of consumer behavior. It was found that multiple banking is widespread and is heavily influenced by such factors as risk reduction, convenience in terms of number of branches and automatic teller machines, the relative advantage of selected banks, prestige, need for credit and credit cards, and special circumstances. Statistically significant differences were found in the evaluation of the relative importance of these factors on multiple banking behaviours based on sex, age, marital status, and income and education discriminators.

Keaveney S.M. (1995),[36] find that customers’ switching behaviour reduces firms’ earnings and profits. Additional profits are lost because the initial investments on the customer (e.g. consulting or advertising costs) are wasted and further costs are required to obtain a new customer. In study, customer defection is seen as having a stronger ability to impact on revenue than on scale, market share, unit costs, and other factors that are usually associated with competitive advantage. Customers tend to behave unfavourably such as switching banks if a bank’s performance is inferior. Furthermore,
customer switching can bring negative word-of-mouth advertising which can hurt a bank’s reputation and image.

Pinaki Dasgupta & Wayne D. H. (2008), [37] Consumer behaviour reflects the totality of consumer’s decisions with respect to the acquisition, consumption and disposition of goods, services, activities and ideas by human decision making units. Consumer behaviour means more than just how a person buys tangible products such as bath soap, digital music players and automobiles. It also includes consumer’s use of services, activities and ideas such as going to the doctor, visiting a theme park, etc.

Antony Beckett, Paul Hewer & Barry Howcroft (2000), [38] in the study “An exposition of consumer behaviour in the financial services industry” states that deregulation and the emergence of new forms of technology have created highly competitive market conditions which have had a critical impact upon consumer behaviour. Bank providers must, therefore, attempt to better understand their customers in an attempt not only to anticipate but also to influence and determine consumer buying behaviour. A model which attempts to articulate and classify consumer behaviour in the purchasing of financial products providers attempting to identify appropriate strategies which are conducive to increased customer retention and profitability and services was prepared. The theoretical insights generated by this model are then used to examine qualitative research data gained from focus group discussions on consumers’ attitudes to their financial providers and their financial products, finally, these findings are examined for the potential insights they provide to bank.

2.6 Price
Zeithaml V. & Berry L. (1985), [39] price is an attribute that must be given up or sacrificed to obtain certain kinds of products or services. Perceived price normally combines monetary price and non-monetary price together. In research, the "pricing” factor included all critical switching behaviours that involved prices, rates, fees, charges, surcharges, service charges, penalties, price deals, coupons, and/or price promotions. In the financial service industry, price has wider implications than in other services industries. For example, in the financial service industry, price includes fee implementation, bank charges, interest rates charged and paid. From a customer’s cognitive conception, price is something that must be given up or sacrificed to obtain certain kinds of products or services. Pricing, in the context of banking, has additional
components. Banks charge not only fees for the services, but also impose interest charges on loans and pay interest on certain types of accounts, thus pricing has a broader meaning in the banking industry.

**Dawes, J.** (2004), empirical demonstrated that price increases were associated with increasing defection rates in automobile insurance. Similarly, in a qualitative study of customer switching among services, reported that more than half the customers had switched services due to poor service/ price perceptions. This finding suggests that unfavourable price perceptions may have a direct effect on a customer’s intention to switch. This was empirically confirmed that, the price had the most impact on customer switching in the New Zealand and Australian banking industries.

**Kotler P.** (1982), All products and services have a price, just as they have a value. Many nonprofits and all profit making organizations must also set prices. Pricing is controversial and goes by many names: In the narrowest sense, price is the amount of money charged for a product or service. More broadly, price is the sum of all the values that customers exchange for the benefits of having or using the product or service. Historically, price has been the major factor affecting buyer choice. In recent decades, non-price factors have gained increasing importance. However, price still remains one of the most important elements determining a firm's profitability. Price is the only element in the market mix that produces revenue; all other elements represent costs. Price is also one of the most flexible marketing mix elements (price can be changed quickly). At the same time, pricing is the number one problem facing many marketing executives, and many companies do not handling pricing well. One of the common mistakes include pricing that is too cost oriented rather than customer-value oriented, and pricing that does not take the rest of the marketing mix into account.

**Javalgi R. G., Armaco R. L., & Hoseini J. C.** (1989), study studies show that price has an important impact on customers’ switching decisions empirically identifies price as a critical factor in bank selection for college students. Since price has a wider implication to bank customers show that pricing seems to influence switching behaviour among bank customers more than customers of other services. In study of bank customers’ switching behaviour in Australia and New Zealand, the authors identify price as the top switching determinant, followed by service failures and denial of services. Similar results are found in study investigating the factors influencing
customers’ bank selection decisions in the United States.

**Kirmani and Amna** (1990), [43] there are two tendencies with respect to customers' perception of the price of the product. The first maintains that customers regard high prices as a signal of high quality and vice versa; while the second, in contrast, suggests that low prices can also function as a signal of good value for money. In either case, whether a low price is perceived as low quality or a high price is perceived as abusive, when customers are dissatisfied with the value for money or perceive the price to be unfair, their intentions will be to switch suppliers.

**K. H. Wathne, H. Biong and J. B. Heide** (2001), [44] this study suggests that customers voluntarily switch suppliers because of their personal dissatisfaction with the price paid. This dissatisfaction arises when the customers perceive the price to be unfair or excessively higher than alternative options. This also shows that among the reasons customers switch suppliers, price-related issues are important. Buyers will be conscious of the savings opportunities that other options provide, and the chance to make savings can become a substantial concern, and the motive for an immediate switch.

### 2.7 Reputation

**Formbrun C. I. & Shanley M.** (1990), [45] the reputation has been described as a social identity, and an important and intangible resource that can significantly contribute to a firm's performance and its survival. They define reputation as brand equity or customer equity, and combine it with the credibility and faithfulness of the firm. 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. Furthermore, they identify bank reputation as one of the factors that cause customers to switch banks in the Asian market and refer to reputation as the integrity of a bank and the bank’s perceived financial stability.

**Balmer J. M. T. & Stotving S.** (1997), [46] the first historical phase in the study of corporate reputation was from the 1950’s to the 1970’s and there is growing evidence that many banks are concerned with their reputation and its effect on market behavior. In the banking industry, they suggested that bank reputation was a function of financial performance, production quality, service quality, management effectiveness or some combination of these various factors that appeal in one way or another to a bank’s
multiple customers. They also referred to bank reputation as the integrity of a bank and its senior executives and the bank’s perceived financial stability.

Wang Y. G., Lo H. P. & Hui Y. V. (2003), \(^{[47]}\) bank reputation plays an important role in the determining the purchasing and repurchasing behaviours of customers. Customer loyalty is similarly enhanced, especially in the retail banking industry, where quality cannot be evaluated accurately before purchase. Researchers suggest that bank reputation is regarded as an important factor in customers’ bank selection decisions. In addition, investigated switching incidents for Asian banks and empirically demonstrated that bank reputation was one of the primary factors that contributed to customers switching banks. The authors argued that a good reputation may enhance customers’ trust and confidence in banks, whereas an unfavourable reputation tended to strengthen a customer’s decision to switch banks.

Nguyen N. & Leblanc G. (2001), \(^{[48]}\) conclude that reputation may be regarded as a critical strategic tool to predict the outcome of the service-production process, and as the most reliable indicator of the ability of a service firm to satisfy a customer's desires. State that the bank’s reputation has a strong effect on customer’s choice after investigating 7,500 customers in 25 national and regional banks in the United States. results show thirty percent of customer deliberately excluded a bank if the bank had perceived financial instability or practiced questionable ethics.

Weigelt K. & Camerer C. (1988), \(^{[49]}\) the study reveals, that a positive reputation is a strategic tool that can be used by banks to earn additional profits. A positive reputation can provide a halo effect for the firm as it positively influences customer evaluations, increases future profits, acts as a barrier to imitation, links to intention to purchases a service, and strengthens the competitive capability of firms.

2.8 Service Quality

G. S. Sureshchandar, Chandrasekharan R & R. N. Anantharaman (2003), \(^{[50]}\) in his study entitled “Customer perceptions of service quality in the Banking sector of a Developing economy: a critical analysis” investigated the critical factors of customer perceived service quality of Banks of a developing economy –India. The study compares and contrasts the three groups of Banks in India with respect to the service quality factors from the perspective of the customers. There seems to be a great amount
of variation with respect to the level of service quality offered by three groups of banks. Identifies the factors that discriminate the three group of Banks. Customers in developing economies seem to keep the “technological factors” of services such as core service and systematization of the service while the “human factors” seem to play a lesser role in discriminating the three groups of banks. The service quality indices with respect to the three groups and the Indian banking industry as whole, offer interesting information on the level of service quality delivered by banks in India.

Eapan Varghese M. and C Ganesh (2003), [51] in their study titled “Customer service in banks: An Empirical study”, mainly focus on how to measure the speed in which commercial banks are rendering service to their customers in 13 different dimensions. The result obtained from this study suggests there is no difference between the public sector banks and private sector banks in the customer’s time consumed for transacting business with the bank. It is generally observed that bankers measure only action time and do not take into account the access time and queuing time which are critical to customers.

Gronroos C. (1988), [52] since the interactions between a customer and a service provider create opportunities for customers to evaluate services, service quality is defined as a customer's overall impression of the relative inferiority/superiority of the organisation and its service provisions. Similarly, they define service quality as a measure of how well the service level delivered matches customer expectations. Perceived service quality is developed from the perspective of a customer’s attitude to judge the overall service prevision. Then, they suggest perceived service quality is a consumer judgement which is derived after comparing consumers’ expectations of service with their perceptions of actual service performance. In general, customer expectations can be established from previous experiences with the organisation, the competitors of an organisation, the traditional marketing mix, or external influences such as word-of-mouth communication. In regards to banking, they perceived service quality results from the gap between customers expectations of the service provided by the bank and the perception of the actual services provided by the bank.

Zeithaml V.A., Berry L. & Parasuraman A. (1996), [53] Customer service and service quality are key issues facing many service operations managers. For a tangible product, customers can visualise its physical attributes before purchase. For example, even
though they perform a similar ‘transport’ function one can easily justify why a Rolls Royce is more costly than the basic Tata Nano motor car from their aesthetic characteristics. However, it is relatively more difficult to compare the banking service provided by two similar UK based high street banks such as HSBC plc and NatWest plc objectively. We may, for example, be heavily influenced by our own or our friends experience. So, conclude that ultimately a customer’s perception will be a determining factor on the effectiveness of a service organisation. Therefore managers of service operations would usefully have a methodology to evaluate customer satisfaction and loyalty subjectively. They noted that more often than not, the quality and value for a particular service can depend wholly on the customer’s judgement at that particular instance. For example, two people sat together can easily have different views on a music concert and even the same person can have different opinions of the service experience if asked at different times.

Bendapudi N. & Berry L.L. (1997), their study suggests that customers voluntarily exit a relationship because of personal dissatisfaction with the quality of the service received - outcome - or with the service provider- interaction. Many researchers have also suggested that the quality of the customer organization interaction affects the customer’s response to failings in services. The literature on loyalty also indicates that customers value the company’s resources and skills very highly -resources and skills that are manifested in the service quality. High quality can motivate customers to strengthen their relationship with their service provider. However, what does seem to be clearer is that poor quality or changes in the firm’s quality levels provoke a change in customers’ attitudes towards the firm and likely a change in their behaviour.

Gronroos C. (1990), Service quality has become an increasing important factor for success and survival in the banking industry. Many banks have employed the quality of service as a sustainable competitive advantage because products offered by most banks are almost identical and are duplicated easily. They suggested that the perceived quality of a given service was the outcome of an evaluation process where consumers compared their expectations of the service with the service that they experienced in the service encounter. Good perceived quality was achieved when expected service quality was at least equal to experienced service quality. Furthermore, the employed the expectation-perceptions gaps definition of service quality to define perceived service quality as the

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degree of discrepancy between customers’ normative expectations for the service and their perceptions of service performance. In the context of banking, they suggested that perceived service quality resulted from the difference between customers’ perceptions for the service offered by the bank (received service) and their expectations from the bank that provided such services (expected service).

Parasuraman A., Zeithaml V. & Berry L. (1985), [56] SERVQUAL as a measurement instrument, and the five SERQUAL dimensions identified, they had been used in the banking industry. The SERVQUAL methodology has also been used in assessing banking service quality. They adapted a selection of service quality items from SERVQUAL measurement in order to gain insights into service quality from the customer's perspectives and to improve the understanding of the determinants of customer satisfaction. The study of an Australian trading bank identified four valuable service quality dimensions: staff conduct, credibility, communication, and access to teller services. They used factor analysis to identify three banking service quality dimensions in the United Kingdom: knowledge and advice offered personalization in the service delivery, and general product characteristics. They identified six perceived service quality dimensions in the banking industry: effectiveness and assurance, access, price, tangibles, service portfolio, and reliability.

Gerrard P. & Cunningham (2004), [57] the service quality dimensions used in this research to analyze the relationship between service quality and bank switching behavior are based on an extensive literature review and the results of focus group sessions. They represent a customer’s overall impression of his/her banking service experience. The three dimensions are: inconvenience, reliability, and staff that deliver services. The inconvenience dimension includes two aspects: geographical inconvenience and time inconvenience. The former refers to either the nearest bank branch or automatic teller machine (ATM), while the latter refers to shorter opening hours. They had empirically confirmed that inconvenience was an important factor that influenced customers to switch banks. The authors argued that the inconvenience dimension was negatively associated with customers switching banks. Reliability, as a service quality dimension, may be represented in a number of ways. Reliability has a time component. If a bank promises to do something by a certain time, the bank should do so.
Colgate M. & Lang B. (2001), [58] in this scenario, the bank should provide the customer with its decision within the specific time frame. Further, found that, in the context of banks, performing poorly on the reliability dimension prompted customers to switch banks. They found that bank customers had high expectations about the staff that deliver the service; in particular, that customers were concerned about staff appearance, courtesy, efficiency, and knowledge. Then study empirically demonstrated that an unfavourable experience with the staff that delivers the service was a principal factor that caused customers to switch banks.

Bloemer, Ko de & Peeters (1998), [59] Many researches find that service quality is associated with customer satisfaction which can lead to behaviour consequence. They identify that service quality can directly and indirectly effect customer satisfaction, and that satisfaction has a direct effect on bank customer loyalty. The reason is that customers’ expectations on key service attributes, and each new service experience, combine to form an evaluation of service and this affects what customers believe will and should occur in future service encounters.

Rust R. T. & Oliver R. L. (1994), [60] their study suggested that service products include a core service, plus additional specific features, service specifications, and targets. Several studies revealed that the wide range of bank service products offered to customers was one of the most important criteria for customers when they select a bank. In addition, it was empirically determined that a lack of service products for bank customers was a major factor that caused bank switching. They finding was also supported, who suggested that banking products appeared to be central to customer behavioural intentions, including switching behavior.

Rusthon A. M. & Carson D. J. (1989), [61] in the context of commercial marketing, product considerations include the actual product or service as well as the brand name, reputation, and packaging. They conclude that products based on goods tend to have more tangible characteristics, and products based on services tend to be more intangible. Service products normally include a core service, which associates with specific features, service specifications, and targets.

Easingwood C. & Storey C. (1995), [62] in a technology-driven, fast-paced environment, delivering a wide range of products to customer is essential for
businesses’ success and survival. Today’s competition is not only between organisations, but also between products. They state that one of the more important business development strategies is the introduction of successful new products. Service products associated with technologies can reduce transaction costs, switching rates, and encourage customers to create services outcomes on their own.

**Gonzalez M. V. R. & Guerrero M. M. (2004),** [63] Delivering a broad range of service products is very important in the banking industry because of the intensive competition between financial and non-financial institutions. They suggest that a key determinant in attracting customers is the diversity of features of service products introduced to the marketplace via different technology mediums. They reveal that it is necessary for banks to offer certain types of financial products, such as 24 hours ATM self-service, phone, and internet banking. These developments provide customers with unlimited access to financial service products and offer them a wider range of choices.

### 2.9 Advertising

**Cengiz E., Ayyildiz H. & Er. B. (2007),** [64] According to them, in an era of mature and intense competitive pressures, effective advertising can broaden the communication channel between customers and institutions which enhances the chance of success. Advertising refers to activities undertaken to increase sales or enhance the image of a service, firm or business, and the primary purpose of advertising is to inform the potential customer of the characteristics of products or services.

**Subba Rao (1988),** [65] conducted a study to find out the influence of different media of advertisement and different forms of personal selling on the deposit mobilization of commercial banks both in urban and rural areas. The study suggested that the medium of English News papers need not be used widely as its impact is very little on urban customers and it is almost negligible on rural depositors. Personal selling or direct contact has been suggested as the best method, since it educates the potential rural customers into the bargain.

**Dunn D. (1995),** [66] states that advertising plays an important role in attracting customers to the business in the beginning stage, and maintaining customer traffic levels during slow periods. They show similar results where advertising can improve utilisation during slow periods as it may offer opportunities to educate customers about businesses’
service characteristics and operation process which can increase productivity from existing technical capacity. They explain that advertising can strengthen the communication between organisations and customers, and effectively reduce consumers' perceived risks. Furthermore, advertising can affect customers’ behaviour because it can provide information to guide customers’ purchasing decisions. According, professional services advertising including bank advertising can change customers’ attitudes and perceptions toward the service provided. Similarly, the study bank customer behaviour in Turkey and find that efficient advertising could enhance a bank’s customer loyalty and help retain customers.

Barchard D. (1990), [67] however they argue that advertising could produce a sterile image. Advertising may reinforce similarity of financial service providers rather than the differences. Effective advertising competition may stimulate switching because bank customers have been informed about more opportunities for their purchasing choices.

Patterson P. G. & Smith T. (2003), [68] Alternative attractiveness is conceptualized as the customer's estimate of the likely satisfaction available in an alternative relationship. Alternatives attractiveness represents customer perceptions on the quality of alternative services. Low attraction of alternatives discourages customers from changing their existing services. Likewise, if customers are unaware of attractive alternative suppliers, then they may well stay in a relationship even when it is perceived as less than satisfactory. However, customers may decide to terminate the current relationship and go to a new adviser if they perceive the alternative to be attractive due to the availability of better service, the proximity of location, the availability of a full range of services and lower fees or the promise of high financial returns.

Singh J D (1983),[69] in his study examined the trends in bank advertising in the seventies in India. The study revealed that the bank advertisements were created seemingly for the sake of advertising rather than for creating the market or serving the customer satisfactorily. There is lack of professionalism in bank advertising and marketing. Suggestions were made to give stress on ‘positioning the bank’ rather than on selling the products a fire identification and prediction of customer requirements.

Henry A. L. , Bruce Seaton & J.A.F. Nicholls(1992), [70] they evaluated the effectiveness of alternate forms of bank advertising, the alternative forms of which
differ in terms of main message strategy and overall method of presentation (structure). The study examined the relative effects of verbal only advertisements compared to those that combine both pictures and words. The differences between informational and transformational strategies were also studied, by including both male and female models while studying transformational strategies. Results suggest that advertisements. Which include both verbal and pictorial components were superior and informational strategy is more effective for bank advertising than a transformational strategy.

Jones A.M., Mothersbaugh, L.D. & Beautty E.S. (2002),[71] the present study focuses here on alternative attractiveness moderating role. This show that alternative attractiveness does not directly influence repurchases intention, but instead acts as a moderating variable. Rely on the previous, knowledge of better alternatives may be reinforce the customer intentions to switch supplier when he has experienced dissatisfaction in terms of service quality, perceived commitment, price paid, or anger incident.

Lovelock C., Patterson P. & Walker R. (2004),[72] they find in the service context, advertising is most commonly used to create awareness and stimulate interest in the service offering, to educate customers about service features and applications, to establish or redefine a competitive position, to reduce risk, and to help make services more tangible. They also suggested two significant consequences for customers’ attitude changes toward advertising professional services. The attitudes of customers toward advertising professional services had become more positive with greater expected customer benefits and customers still favoured increased usage of advertising to guide their purchasing.

Galloway R. L. & Blanchard R. F. (1994),[73] this study included a banking context, argued that advertising created a sterile image. They suggested that advertising, as a means of marketing communication, was blamed for reinforcing the similarity of financial service providers, rather than differences. They had suggested that effective advertising should add value in the eye of the customer. Therefore, the author proposed that effective advertising competition could provide bank customers with more opportunities for their purchasing choices, which in turn, could contribute to customer switching.
2.10 Involuntary Switching

East R., Lomax W. & Narain R. (2001),\textsuperscript{[74]} defined involuntary switching as an unwilling behavior by customers. The authors also suggested that involuntary switching could be attributed to a customer moving house and to a service provider opening and closing facilities. The authors also empirically demonstrated that involuntary switching could force customers to switch service providers in the service sector. Involuntary switching is, for the most part, beyond the control of marketers but is included in many switching behavior models. Involuntary switching is measured in this study as the inclusion of the construct aids in identifying all of the factors that contribute to bank switching behaviour.

Timucin Ozcan (2008),\textsuperscript{[75]} this Studies indicate that at least 8\% of supermarket items in the US are out-of-stock at any point in time, resulting in annual lost sales of over seven billion dollars. Given the salience of stock-outs, this dissertation examines how consumers make choices when their most preferred alternative is unavailable. This study proposes that when consumers experience a stock-out and make a substitution decision, they would tend to choose the alternatives that are superior on hedonic dimensions. The theoretical arguments for this proposition derive from the literatures on affective-cognitive model of consumer decision making, mood as a repair mechanism, and justification effects. This research also proposes a moderating factor may influence this systematic preference: the level of consumer involvement that is evoked by the usage context. In addition, this study investigates the influence of the consumption goals in different usage contexts, shopping basket composition for a required product bundle, and attributions on stock out causes on consumers’ reactions to stock outs. After a comprehensive review of the literature and the discussion about key constructs relative to the research questions, three separate studies were conducted. Initial study was an exploratory field survey where consumers actually experience a stock out in a grocery setting. The responses from 216 participants demonstrate a general support for the study hypotheses. Following the first study, two other studies that were scenario-based experiments were conducted to test dissertation hypotheses in a more controlled environment. The results, overall, presented significant support most of the hypotheses.

Roos I. (1999),\textsuperscript{[76]} Switching behaviour is caused not only by distinct decision, but also by involuntary factors not related to the distinct decision. He 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. Therefore, relocation or other factors that are beyond the control of customers or service providers can destroy even the most satisfied service relationship. In addition, the involuntary or unavoidable switches represent the most common switching behaviour in their studies.

2.11 Distance

Peppard J. (2000), [77] Location has special meaning in the financial service industry because it is at the branch or office that banks and the customer are connected; it is where the customers have their accounts. He suggests that a convenient bank location is an important factor influencing customers’ switching behaviour because it directly determines whether the customers can access their banks on a regular basis. Further he investigates the bank switching behaviour of Singapore’s graduates and fined that inconvenience is the most important switching factors. However, he argues that location is irrelevant in the current e-business environment because more and more customers are using internet banking.

Rossier J.A. (1973), [78] the study has suggests that banks should not open a branch without first analyzing market potential and determining the expenditure required to obtain a sufficient market share. The risk in expansion is not so much one of opening unprofitable branches, but rather of allocating scarce resources of managerial talent, qualified personnel and capital to marginal projects.

Levesque T.J. & McDougall G. (1996), [79] Convenient location is a critical factor influencing customers’ evaluation about firms’ performance. They explain that a service provider’s location is an important factor influencing switching behaviour under the inconvenience category. Customers tend to switch to a new provider if the new provider is closer to their work or home.

Laursen Ron & McTavish Ron (1994), [80] in their research found that workplace banking the provision of banking services to company employees at their place of work was attractive to employers and employees and that they utilized the services to a great extent. This study also revealed that about 90 percent of the respondents banked at the
branch nearest to their home place or place of work. Convenience, in terms of location, was also found to be the single most important factor for selecting a branch.

2.12 Switching Cost

Syed Haider Ali Shah & Sehrish Gul (2013),\textsuperscript{[81]} in this study they find, intense price competition reducing customer loyalty and propelling customer retention. The function of customer retention in switching cost was postulated, but had not been investigated to scrupulous empirical testing. This explains the conceptual framework of switching cost as dependant variable with six independent variables quality, satisfaction, loyalty, retention, recommendations and repurchase. The simple random sampling was done to select the sample of 200 respondents with different demographic characteristics, from different cities of Pakistan. The descriptive statistics and regression analysis showed the quality and recommendations as the most influencing factors of switching cost. The customers show loyalty and retention to the services of telecom industry when expected quality was provided. The Cron batch Alpha shows the reliability of items tested for switching cost. The study attempts to address the refining and conceptualization of switching costs as an imperative element in marketing to understand the behavior of customers in developing countries. The results provide a deep insight of consumer behaviour and their preferences which reduces and eliminates the chances of switching to other services in telecom industry. The mechanism is suggested for the marketing managers to develop an effective strategy for the retention of customers.

Oyeniyi O. & A.J. Abiodun (2010),\textsuperscript{[82]} Switching costs are costs that are incurred by buyers for terminating transaction relationships and initiating a new relation. They defined switching cost as a onetime cost facing a buyer wishing to switch from one service provider to another. However, defined switching cost as the psychological, physical and economic costs a customer faces in changing a supplier. In the study the definition reflects the multi-dimensional nature of switching cost. They also defined switching costs as those costs that customers associate with the process of switching from one supplier to another.

Yavas U., Benkenstein M. & Stuhldreier U. (2004),\textsuperscript{[83]} Switching cost had been investigated extensively in literature. It is argued that switching is related to poor service quality in banks, reaction to high price, and customer satisfaction. There is an argument in literature of the benefits of switching cost to prevent customers from
switching service providers. In terms of classification, switching cost as procedural switching costs, financial switching costs, and relational switching costs. These costs were found to be negatively correlated to customers’ intentions to switch service providers. They developed three types of switching cost: artificial cost, learning cost and transaction cost, where the most appropriate cost is the transaction cost. A customer must be aware that he can switch service providers before he takes steps. The next step is to decide whether to search and then whether to switch. Therefore, to reduce the level of customers switching to other service providers in a dynamic competitive environment, service providers develop strategies to respond to customers’ switching cost. More importantly, time is found to be critical factors that influence customers’ switching costs.

Matthews C. & Murray D. (2007), Switching cost is a term for explaining various spectra of financial and non-financial costs that occur in various presentations. Switching costs can measure with costs that derive from switching toward another provider. In bank industry, switching costs can interpret with respect to money, time, and attempt, such as transferred amounts, opening a new account, and registering in online banking systems. Researchers have studied the relationship between switching costs and customer switching behavior, which expressed those high switching costs with making the change of service provider costly for customer, can prevent from switching. Direct costs and switching opportunity costs may discourage customers from leaving the current organization, because it is possible that customers understand switching costs more than the expected advantages of change of service provider.

Jones A.M., Mothersbaugh L.D. & Beautty E.S. (2002), According to him, there are three types of switching costs: procedural switching costs; these include the economic risk and evaluation costs, and involve expenditure of time and effort; financial switching costs; involve the loss of benefits and financial resources; and relational switching costs ; the loss of the personal relationship and the relationship with the brand, which involves psychological and emotional discomfort due to the loss of identity and the breaking of bonds. To the extent that individuals perceive costs or barriers to exit, they will tend to maintain their supplier. Numerous studies have shown that switching costs act as a moderating variable that negatively affects the relation between satisfaction and intentions to maintain. They Rely on the previous, high
switching costs may be reduce the customer intentions to switch supplier when he has experienced dissatisfaction in terms of service quality, perceived commitment, price paid, or anger incident.

**Gronhaug K. & Gilly M. C. (1991)**[86] Many researchers have investigated relationships between switching costs and customers’ switching behaviour. They states that switching costs can prevent switching behaviour by making it costly for customers to change service providers. These costs discourage customers to leave the current organisation because customers may perceive switching costs to be higher than the expected benefits of changing service providers. Then they dissatisfied customer may choose to stay if switching costs are too high. Investing effort, time and money changing service providers can act as significant barrier to a consumer taking action when dissatisfied with the current service provider.

**Hauser J.R. , Simester D.I. & Wernerfelt B. (1994)**[87] they conclude that consumers become less sensitive to satisfaction level when switching costs are high. Further, investigate the switching barriers in the New Zealand financial industry and find that switching costs play an important role in forcing customers not to switch, even though they have seriously considered doing so. Then they show similar results in the airline and banking industries.

### 2.13 Demographic Characteristics

**Barich H. & Kotler P. (1991)**[88] Customers’ demographic characteristics have been widely used to distinguish how one segment of customers differs from another one. In terms of assessing customer switching in the context of banking, demographic characteristics, such as age, income and education may have an effect on customers switching banks. Their empirically examined Australian and New Zealanders’ banking behavior and found that switching banks was more common with younger customers, high-income customers and customers with a higher education. There is also evidence in previous research that supports the contention that additional demographic characteristic such as gender, race, and occupation have an impact on customer switching behavior in the banking industry.

**Claire Matthews (2002)**[89] this was an exploratory study into the relationship between basic demographic characteristics and switching attitudes and behaviour. He
finds that there are significant differences in attitudes and behaviour, which can be attributed to differences in demographic characteristics and further investigation, was warranted. Switching costs are a generally acknowledged issue for the banking industry. The low rate of churn in this industry is widely attributed at least in part to the existence of switching costs.

Naureen Afzal (2013), [90] He has found that demographic characteristics do affect attitudes towards switching. Both household size and household income had a relationship with switching intentions, actual switching behaviours and switching costs. Similarly, demographic characteristics were found to have an impact on attitudes towards switching costs, with all characteristics tested other than gender having a significant relationship with one or more switching cost categories. Understanding of the prime focus of this study was to find the impact Islamic Banking Products, customer loyalty in the retail banking sector of Pakistan. The antecedents and Loyalty can only be created when the satisfaction will be consequences of customer satisfaction for firms, more effective and the main ingredient to develop loyalty is customer satisfaction. Satisfaction is achieved after fulfillment of customer need and want. Same banking channel and builds long term relationship. The More You Satisfy Customers. In reality sometimes a person after satisfying his demands may not be loyal in the sense. Bank selection criteria employed that he in search of some better service provider. Demographical characteristics have also impact. Therefore satisfaction can be attained without satisfaction in retail banking. Finally based on many previous researchers, these results concludes that customer satisfaction and different demographics are crucial elements for Service quality at banks and credit building loyalty among customers of service providing unions, An Examination of the forces behind losing customer base. Therefore, they were found in today’s Relationship between Service Quality, Customer competitive banking industry, customer satisfaction and Store Loyalty. The Management and Control of and building loyal customer base is one of the most powerful weapons.

2.14 Conceptual Gaps in the Literature

The literature review has identified three research gaps in customer’s switching behaviour in the retail banking industry in Solapur City. These are:

1. Limited published research on the factors influencing customer’s switching behaviour
in the Indian banking industry.

2. Limited published research in academic marketing journals focusing on customer’s switching behaviour in the retail banking industry in India.

3. There no empirical research on customer’s switching behaviour in the retail banking industry in Solapur City.

2.15 Chapter Summary
This chapter discussed customer switching behaviour in the retail banking industry. The literature supports the contention that price, reputation, service quality, service products, effective advertising competition, involuntary switching, distance, switching costs, and demographic characteristics can influence customers’ switching behaviour. Despite a growing awareness of the factor that may influence customers’ to switch banks among academic and practitioners, there are still research gaps in the literature. These gaps are outlined and discussed in the next chapter.

References


