Chapter – 5

FINDINGS, CONCLUSION & RECOMMENDATION
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FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This chapter has summarized the results of the study, discussed the implications of the study and its applicability to real life scenarios. This chapter has given the findings of the study of loyalty supporting factors, loyalty repressing factors, findings related to relationship of demographics with the factors which supports and represses loyalty followed by conclusion. Then it has suggested the managerial implications of this study as also its contribution to the theory, societal implications, environmental implications and recommendations. Lastly it detailed out the limitations of the study and scope for future research.

5.2 Findings
The study has identified factors which support and repress loyalty. The study has also found the difference in relationship of different demographic variables with loyalty, disloyalty and their factors. The findings are as follows.

5.2.1 Loyalty Supporting Factors
Literature review presented the picture of various loyalty supporting factors. This study has divided loyalty supporting factors into two categories; loyalty supporting factors through dedication and loyalty supporting factors through imposing constraints as this study has done the empirical test of the model suggested by Nordman (2004). The findings are as follows.

Research Question 1: What are the various loyalty supporting factors which promote dedication & create constraints to support loyalty in customers towards the various services offered by selected banks in India?

This study has come out with the following loyalty supporting factors:
Table 5.1

Relationship Status of Loyalty Supporting Factors

<table>
<thead>
<tr>
<th>Loyalty Supporting Factors</th>
<th>Category</th>
<th>Attitudinal Loyalty</th>
<th>Behavioural Loyalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Satisfaction</td>
<td>Dedication</td>
<td>Significant</td>
<td>Significant</td>
</tr>
<tr>
<td>Perceptual Deterrence to Change</td>
<td>Constraint</td>
<td>Significant</td>
<td>Significant</td>
</tr>
<tr>
<td>Paucity of Better Alternatives</td>
<td>Constraint</td>
<td>Significant</td>
<td>Significant</td>
</tr>
<tr>
<td>High Social Cost of Change</td>
<td>Constraint</td>
<td>Not Significant</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Source: Researcher’s Compilation

“Overall satisfaction” included four major items; trust, service quality, service availability and satisfaction. Previous studies on the subject have reported trust as an important element supporting loyalty (Aydin & Ozer 2005, Morgan & Hunt 1994, Chaudhuri & Holbrook 2001). This study also has trust as an important component of the factor called “overall satisfaction”. Similarly service quality has been proved to be the major source of loyalty (Bitner’s 1990, Boulding et al. 1993, Ostrowski, O’Brien and Gordon 1993, Zeithaml, Berry and Parasuraman’s 1996, Venelis & Ghauri 2004). Service availability has been an outcome of the study done by Nordman (2004). Many previous researchers have come out with direct link between satisfaction and customer loyalty (Bolton, 1998; Bolton & Lemon, 1999; Smith et al., 1999; Mittal & Kamakura, 2001; Bansal et al., 2004). Satisfaction has also been studied on different dimensions like economic satisfaction and social satisfaction (Geyskens et al. 1996), locational or people (Rust & Zoharik 1993) and many more. Thus, the major studies of the past support the findings of the present study as overall satisfaction being an important factor determining loyalty.

Factors which impose constraints on customers to change the bank and thereby ensure loyalty with their respective banks have also been an integral part of this study. For constraints to change, leading to loyalty, the study has revealed three factors. First is “Perceptual deterrence to change”. This factor comprised of total of six items; perceived psychological risk and perceived performance risk which stemmed from the study of Lee & Cunningham (2001). Two items of financial switching costs stemmed from the study of Burnham, T., Frels, J. and Mahajan, V. (2003). The other two items
of search evaluation costs stemmed from the study of Colgate, Tong, Lee and Farley (2007). These items referred to inability of customer to overcome the costs that they perceive to exist in changing their bank.

The second factor which imposed constraints and made customer loyal to the bank is “paucity of better alternative”. This has six items – first is service provider having specialized knowledge about customers and they use it for special use to keep the customers loyal to their bank. This might be due to the fact that customer perceives that it is the current bank which understands his/her requirement and it won’t happen with other bank. This item has its roots in the study done by Lee & Cunningham (2001). The second item of lack of perceived available/attractive alternatives came from the study done by Sharma & Patterson (2000). This item as a factor has been studied by other researchers as well (Holloway 2003; Jones et al. 2000, 2002; Jones et al. 2007). It creates dependence for customer on a particular bank due to lack of attractive / available alternatives which ensures that customer stays loyal to the bank due to this constraint. The third item relating to lack of availability of services was identified by Nordman (2004). This has reference to customers finding better services with other service provider. Hence customer stays put with the service provider and does not change the bank. In the fourth item it is the negative experience with other banks that made the customer loyal to the bank. This had been one of the finding of the study done by Nordman (2004). This again makes the customer loyal to the current bank because on comparison the customer found that the other bank does not have the better services than the current bank. The other item of peer behaviour made the customer loyal because the customer developed an emotional attachment as it is being used by their family. This had come from the finding of study of Nordman (2004). The last item of difficulty of assessing service performance has come from the study of Lee & Cunningham (2001).

The third factor in constraint promoting domain which promoted loyalty is “high social cost of change”. This factor had two items of social cost relating to social comfort and friendship. Both these had been studied before by Butcher, Sparks and O’Callaghan (2001). These items depicted the customer’s apprehension about not getting the same social comfort as they enjoyed with the current bank. Hence made them stay put with the current bank and to not to explore outside. The third item of
structural bond also emphasized the preferential treatment that customers enjoyed with their current bank and did not want to change. This had been highlighted in study done by Nordman (2004). So findings of this study have been supported by the previous studies as well.

*Research Question 2: What is the relationship between loyalty supporting factors through dedication and attitudinal & behavioural loyalty towards the various services offered by selected banks in India?*

Dedication promoting factor that had been an outcome of this study is “overall satisfaction”. Hypothesis testing done in this study had found this factor to have significant positive relationship with both attitudinal and behavioural loyalty. Meaning dedication promoting factors made customer loyal on both the account – attitudinal and behavioural.

*Research Question 3: What is the relationship between loyalty supporting factors through constraints and attitudinal & behavioural loyalty towards the various services offered by selected banks in India?*

The present study has established significant positive relationship of “Perceptual deterrence to change” to behavioural loyalty, while it has negative significant relationship with attitudinal loyalty. This held true as per the hypothesized negative relationship with attitudinal loyalty. Therefore this study concluded that the factors which imposed constraints made customer loyal by having significant positive relationship with behavioural loyalty but the factors had negative affect on attitudinal loyalty.

For the factor of “paucity of better alternative” in the hypothesis testing this factor has been proved to have negative relationship with attitudinal loyalty which is significant. Meaning this factor doesn’t have a positive influence on customers’ attitudes whereas they make customers loyal to the bank. This can be assessed from the fact that paucity of better alternatives has positive and significant relationship with behavioural loyalty.
High social cost of change was found to have negative relationship with attitudinal loyalty but as per hypothesis testing this was found to be not significant. However, this factor had a positive significant relationship with behavioural loyalty. Meaning, it made customers loyal to their current bank but it had negative relationship with attitudinal loyalty which was found not significant.

*Research Question 4: How attitudinal loyalty and behavioural loyalty is related towards the various services offered by selected banks in India?*

Hypothesis testing as conducted in this study suggested that relationship between attitudinal loyalty and behavioural loyalty was significant and positive. As hypothesized in the model, positive relationship between both the concepts was found to exist. This implied that it is important that customers are high on both the types of loyalty – attitudinal and behavioural. In case when customers are not having positive attitudinal loyalty, it will further impact the behavioural loyalty negatively. Therefore, constraint promoting factors which have negative relationship with attitudinal loyalty will have an adverse impact on behavioural loyalty. Whereas on the other hand dedication promoting factors have positive affect on attitudinal loyalty will further have positive impact on behavioural loyalty.

### 5.2.2 Loyalty Repressing Factors

As per the literature review many studies have been done to understand factors which repress loyalty. This study divided the loyalty repressing factors into two types; one, which repressed loyalty by creating negative affect on attitude and other set of factors repressed loyalty by triggering a disloyal behaviour. The findings are as follows.

*Research Question 5: What are the various loyalty repressing factors which cause disloyalty by affecting attitudes negatively or by acting as a trigger to disloyalty towards the various services offered by selected banks in India?*

The loyalty repressing factors that have been an outcome of this study are as given below in the table:
Table 5.2
Relationship Status of Loyalty Repressing Factors

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Loyalty Repressing Factors</th>
<th>Category</th>
<th>Relationship Status</th>
<th>Relationship Status</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Attitudinal Disloyalty</td>
<td>Behavioural Disloyalty</td>
</tr>
<tr>
<td>1</td>
<td>Negative Image</td>
<td>Negative effect on attitude</td>
<td>Significant</td>
<td>Significant</td>
</tr>
<tr>
<td>2</td>
<td>Competitor's Attraction</td>
<td>Trigger</td>
<td>Not Significant</td>
<td>Not Significant</td>
</tr>
<tr>
<td>3</td>
<td>Pricing Issues</td>
<td>Trigger</td>
<td>Not Significant</td>
<td>Not Significant</td>
</tr>
<tr>
<td>4</td>
<td>Unfair Practices</td>
<td>Trigger</td>
<td>Significant</td>
<td>Significant</td>
</tr>
<tr>
<td>5</td>
<td>Unfulfilled Services</td>
<td>Trigger</td>
<td>Significant</td>
<td>Significant</td>
</tr>
<tr>
<td>6</td>
<td>Service Failure</td>
<td>Trigger</td>
<td>Significant</td>
<td>Not Significant</td>
</tr>
<tr>
<td>7</td>
<td>Poor Interaction</td>
<td>Trigger</td>
<td>Significant</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Source: Researcher’s Compilation

Negative image had been an outcome of the study of Nordman (2004) as well. Previous studies like Bloemer et al. (1998) and Nguyen & LeBlanc (1998) suggested that positive image act as a loyalty supporting factor. Upon empirically testing, the negative image as a factor for disloyalty proposed by Nordman (2004), this study has also come out with it as a factor for disloyal behaviour.

Competitor’s attraction had been identified by Keaveney (1995) as a trigger for switching. Further Halinen (1997) stated that attraction created by competitors can create repressing effect on customers. Pricing had been suggested by researchers as one of the factor for customer switch. Keaveney (1995) suggested it as a factor for customer switching as also the study of Nordman (2004) has suggested it under the name of economic dissatisfaction. Two items of unfair practices as a factor had come from the study of Keaveney (1995) and the other two items came from Nordman (2004). Unfulfilled services had 3 items and all three stemmed from the study of Nordman (2004). Service failure has its root in literature from the study of Keaveney (1995), Bolton (1998) and Nordman (2004). Poor interaction had come primarily from the study of Keaveney (1995). So findings of this study have been supported by the previous studies as well.
Research Question 6: What is the relationship between loyalty repressing factors which has effect on attitude and attitudinal & behavioural disloyalty?

This study has found one factor which has negative affect on attitudes and had significant positive relationship with attitudinal disloyalty and behavioural disloyalty. The factor “negative image” has been identified by Nordman (2004) as loyalty repressing factors. It had three items and all three items were related to negative image. This factor was on the lines as suggested by Nordman (2004) and it was found to hold good in this study as well. Hypothesis testing done in this study found it to have significant strong positive relationship with the attitudinal disloyalty. And this factor also found to have significant positive relationship with behavioural disloyalty. Meaning “negative image” repressed both attitudinal loyalty as well as behavioural loyalty.

Research Question 7: What is the relationship between loyalty repressing factors which acts as triggers of disloyal behaviour and attitudinal & behavioural disloyalty towards the various services offered by selected banks in India?

The first factor which has acted as trigger to disloyal behaviour found in this study is “competitor’s attraction”. This factor had three items; one of them related to competitors’ attractive image and other one related to competitors’ attractive offer and the third item of advertising have all stemmed from the study of Nordman (2004). Hypothesis testing has suggested that this factor has non-significant relationship with both attitudinal disloyalty and behavioural disloyalty.

The second factor which acted as trigger to disloyal behaviour as suggested by this study was “pricing issues”. This factor had four items addressing the pricing issues which caused disloyalty. The roots of this factor lie in the landmark study of Keaveney (1995). The hypothesis testing for pricing issues has found that it does not have significant relationship with attitudinal and behavioural disloyalty. This clearly implied that banks became price competitive in nature and hence customers did not feel that there are any price issues due to which they have changed their bank.

The third factor which acted as a trigger to disloyal behaviour is called as “unfair practices”. This had four items addressed different aspects of unfair practices. Two
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items stemmed from the study of Keaveney (1995) which was termed as ethical problem. One related to unsafe practices followed by banks and other one refers to banks forcing its customers for other services. The other two items; negative word of mouth & lack of expertise stemmed from the study conducted by Nordman (2004). In the hypothesis testing this factor has found to have significant positive relationship with attitudinal and behavioural disloyalty.

The fourth trigger that was highlighted by this study called “unfulfilled services”. It had three items and all had come from the findings of the study of Nordman (2004). Three items were; customer life situation, functional dissatisfaction and physical accessibility. All these three items indicated unfulfilled services on these three dimensions. In the hypothesis testing this factor was found to have a significant positive relationship with attitudinal and behavioural disloyalty.

The fifth trigger “service failure” had four items two of which were related to core service failure which came from the study done by Keaveney (1995) and other two related to service failure on relationship activity with the customer which stemmed from Nordman (2004). In the hypothesis testing done in this study, this trigger was found to have significant positive relationship with the attitudinal disloyalty and the relationship with behavioural disloyalty was found to be not significant. Meaning this trigger indeed caused attitudinal disloyalty whereas it doesn’t necessarily cause behavioural disloyalty.

The sixth and the final trigger to disloyal behaviour that was found in this study was “poor interaction”. This factor consisted of three items related to bank being unresponsive, bank not listening to its customers and bank being impolite to its customers. All these three items come from the study done by Keaveney (1995). In our hypothesis testing conducted in this study, this factor was found to have positive and significant relationship with attitudinal disloyalty and behavioural disloyalty.

Research Question 8: How attitudinal disloyalty and behavioural disloyalty is related towards the various services offered by selected banks in India?

In the hypothesis testing conducted in this study, it has been concluded that attitudinal disloyalty and behavioural disloyalty has significant positive relationship with each
other. Meaning, factors which increases attitudinal disloyalty will also have direct effect on the behavioural disloyalty and vice versa.

5.2.3 Demographic Variables and Customer Loyalty & Disloyalty

Research Question 9: What is the relationship between the demographic variables considered in this study and loyalty, disloyalty and their various factors?

Behavioural loyalty of customers having about 3 years of relationship was found to be significantly higher than the behavioural loyalty of customers having 5 years of relationship. This is an important point to note for the banks as behavioural loyalty decreases as the relationship length approached 5 years, though the data did not suggest anything on decrease in behavioural loyalty of customers with relationship of more than 5 years. So, the inverse relationship between length of relationship and behavioural loyalty cannot be concluded. But at the same time banks will have to pay attention to customers who are approaching 5 years of relationship seek for any improvement in services that they want. This will result in higher behavioural loyalty score for customers having 5 years of relationship with the bank.

Overall satisfaction of students’ community was found to be significantly lesser than government servicemen, private servicemen and businessmen. High social cost of change was found to be significantly different between the different occupation groups. It suggests that students’ community needs to be addressed by the banks in order to fulfil the gap between expectations and delivery. This community should be taken up seriously by the banks because once they will get employed more overall satisfied student customers will have higher probability of them keeping the same bank as their service provider. This will help the banks as they might not be transacting much with the banks but once they will start earning they will give more business to the banks.

There existed a significant difference between graduates and professional degree holders with respect to behavioural loyalty. Professional degree holders were found to be less behaviourally loyal than graduates. This might be due to the fact that they might be more demanding in terms of services. Therefore banks will have to work on them and understand the gaps so that their behavioural loyalty can be increased.
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Overall satisfaction of graduates was found to be much more than the post graduates and professional degree holders. Graduates were found to be loyal also because of paucity of better alternatives and they were found to be keeping themselves loyal because of higher social cost of change as compared to post graduates and professional degree holders. There existed anomaly that overall graduates were found to be more satisfied than the post graduates and professional degree holders still their loyalty reason had constraint factors in them. It can be concluded that reason of being loyal is significantly different for graduates as compared to post graduates and professional degree holders.

Age group of more than 45 years felt much strongly than other age groups that they were loyal due to paucity of better alternative. The mean score of age group of more than 45 years was found to be much higher than other age groups with respect to paucity of better alternatives. This could be because the higher age groups will have evolved understanding of their requirements and with more experience and fairly settled life they would always be looking for better choices.

Attitudinal and behavioural disloyalty of current account holders was found to be significantly more than the attitudinal and behavioural disloyalty of savings account holders. Meaning, it is savings account holders who are more stable with regard to being loyal to the banks. Current account holders who have business related requirements are more demanding in nature in order to keep pace with their business requirements. And hence they are significantly less stable than the savings account holders in terms of attitudinal & behavioural loyalty.

Graduates were found to be more behaviourally and attitudinally disloyal than post graduates. And negative image and service failure as a reason for disloyal behaviour was found to be significantly higher among graduates as compared to post graduates.

Poor interaction as a reason for disloyalty was found to be significantly higher for savings account holders as compared to current account holders. This might be due to the fact that since the current account holders deal with the banks on daily basis or much more frequently hence they develop good rapport with the banks.
Four loyalty repressing factors, namely – negative image, unfair practices, service failure (relationship with behavioural disloyalty was not significant) and competition attraction (relationship with behavioural disloyalty and attitudinal disloyalty was not significant) was found to be significantly stronger as a cause for disloyal behaviour in private sector bank customers vis-à-vis nationalised bank customers. This is quite contrary to the common belief of nationalised banks being quite poor on these issues.

Banking customers who were working in private sector were found to be significantly more attitudinally disloyal than businessmen. Negative image as a reason for disloyalty was found to be significantly much stronger in people working as government servant and as private sector employees as compared to professionals and students.

Age group of 36 years to 40 years was found to be significantly less attitudinally disloyal than the age group of 26 years to 30 years and the age group of 31 years to 35 years. Negative image as a factor of disloyalty was found to be significantly higher in the age group of 26 years to 30 years as compared to the age group of 31 years to 35 years, 36 years to 40 years and 41 years to 45 years. Unfair practices as a factor for disloyalty was found to be significantly higher in the age group of 26 years to 30 years as compared to 36 years to 40 years of age group. Unfulfilled services as a reason for disloyalty were found to be significantly higher in case of age group of 26 years to 30 years and 31 years to 35 years as compared to the age group of above 45 years. Service failure as a reason for disloyalty was found to be significantly stronger in case of age group of 26 years to 30 years as compared to 36 years to 40 years.

5.3 Conclusion

Attitudinal loyalty and behavioural loyalty shared a positive and significant relationship with each other. Meaning, any factor which has a positive impact on attitudinal loyalty will lead to its positive effect on behavioural loyalty making customer loyal attitudinally and behaviourally as well. And factors which have a negative effect, on either the attitudinal loyalty or behavioural loyalty, will have an adverse effect on the other.
Dedication promoting factor had positive and significant relationship with attitudinal and behavioural loyalty. And this study has also concluded that there exist a positive and significant relationship between attitudinal and behavioural loyalty so all dedication promoting factors will have higher impact on behavioural loyalty in comparison to constraint promoting factors. It is these types of factor which attains high importance for banks as they develop dedication in customers and promotes loyalty. Dedicated customers will bring in many advantages to the banks. Like, they will have longer relationship with banks, as they are behaviourally loyal, and hence will provide higher business to banks. Since the dedicated customers are attitudinally loyal as well, they will talk positive about the banks and hence will provide more positive word of mouth and positive reference to non-customers. This will increase the business of the bank as new reference business will also come to banks. In this study overall satisfaction which included trust, service quality, availability of service and satisfaction has been proved to have a positive relationship with both attitudinal loyalty and behavioural loyalty.

In case of constraint promoting factors, since they were found to have negative relationship with attitudinal loyalty, so, they will have adverse effect on behavioural loyalty. In this study “Perceptual deterrence to change” had been found to have negative affect on attitudinal loyalty but had positive impact on behavioural loyalty. This implies that in case when customer doesn’t have any perceived risks, can absorb financial cost in switching or can put in effort to overcome the search evaluation cost they will change their bank. Meaning they are negative in association but still are behaviourally loyal. So there would be a point wherein attitudinal loyalty may be strong enough to make customers disloyal. This will be the point wherein negative effect on attitudinal loyalty alone will lead to behavioural disloyalty. Similarly the second factor of “Paucity of better alternatives” was found to have positive and significant relationship with behavioural loyalty and at the same time it had negative relationship with attitudinal loyalty. So there would be a point till which absence of alternative will not create problems for customers to be behaviourally loyal but there would be tipping point wherein absence of alternative will be overcome by the customer and they may change their bank. In other words they may become behaviourally disloyal.
Attitudinal disloyalty and behavioural disloyalty also shared a positive and significant relationship. So, all those factors which have a positive and significant relationship with attitudinal disloyalty will also further weaken behavioural loyalty. Similarly factors which have significant positive relationship with behavioural disloyalty will have adverse impact on attitudinal loyalty as well.

Study identified that negative image as a factor which has negative affect on customer attitude has a significant positive relationship with attitudinal disloyalty and behavioural disloyalty. This study indicated that negative image has much stronger relationship with attitudinal disloyalty than the behavioural disloyalty.

Study also identified 6 triggers to disloyal behaviour. Triggers called unfair practices, unfulfilled services and poor interaction were found to have a significant positive relationship with attitudinal and behavioural disloyalty. Whereas triggers like pricing issue and competitor’s attraction doesn’t have significant relationship with attitudinal and behavioural disloyalty. This clearly reflected that customers have become more aware of players operate in the market and they are not being moved by competitors’ activities. Similarly for pricing, the relationship is proved to be insignificant with both behavioural and attitudinal loyalty which clearly suggested that pricing is not a reason why customers have changed their bank. The other factor which theory suggested as trigger to disloyal behaviour, service failure, has also proved to have insignificant relationship with behavioural disloyalty. Three triggers unfair practices, unfulfilled services and poor interaction are the ones which had significant relationship with behavioural and attitudinal disloyalty both. Similarly, the relationship with demographics also threw many demographic variables which were important to ensure loyalty among retail banking customers which led to some important implications for today’s bank managers.

5.4 Managerial Implications of the Study

This study will be useful for banks in serving the customers effectively and retaining them for longer term. It provides banks an insight into customer experience and offers opportunity to design products, services and develop the processes for sustained
profitable business. For example banks will have to see that all 4 components of overall satisfaction as addressed in such a way that customer perceives its bank as the one who can be trusted, service quality is emphasized, availability of services is met and customers are satisfied on people factor. This is critical from the point of that this type of loyalty ensures that customers will stay loyal and since there is no negative connotation in the relationship there will be longevity in the relationship.

Bank managers may ensure customer loyalty by putting constraints on their customers from changing their bank but since there is a negative relationship between constraint factors and attitudinal loyalty, the loyalty behaviour is adversely affected by the constraint factors and may not always last. Once the barrier to perceptual deterrence to change and paucity of better alternative is broken the customers may change their bank.

The study showed that the customers switch because of both the kinds of factors; factors which affects the customers’ attitudes negatively and which acts as trigger to disloyal behaviour. One of the factors which affects the attitudes negatively and has relationship with behavioural disloyalty as well is “negative image”.

The study also showed that three triggers unfair practices, unfulfilled services and poor interaction also lead to customer disloyalty hence banks managers’ prompt action is required in filling the gaps in these areas. In case of unfair practices customers got the impressions that banks were using unsafe practices.

This study reveals that customer change their banks because the bank managers gives the impression to customers that they are interested in their own business and not in the customers. Other reason for their disloyal behaviour is customers getting impression about bank staff having lack of expertise. Meaning bank staff lacks knowledge and expertise which is required for the job. Rejection of loan and not being transparent about the charges have been thrown upon as reasons for customers changing their bank.

The second factor of unfulfilled services suggested that customers have changed their bank because some of the services have been denied to the customers or the bank has
failed on the services which were very serious for the customers. Bank managers have to guard against making customer disloyal due to such mishandling.

Service catastrophe wherein customer has faced a major service failure which was very serious should be examined and reviewed by bank managers time to time so that a proper system of redressal can be developed. In the current set up this might be prevalent but this study shows that this still is indeed playing a big role in customers changing their banks.

Physical accessibility has been a clear outcome of this study which leads customers to change their bank. Here physical accessibility refers to the timing of the banking hours. The bank managers might have to relook at the operational timing so as to ensure customers convenience for banking. This study has identified as one of the reason why customers have changed their bank.

Poor interaction is another factor which caused customer to switch their banks. It implies banks being unresponsive and uncommunicative, not listening to customers, and their staff being impolite and rude to them.

Demographic analysis has revealed that customers who are students, their overall satisfaction is significantly less than the government servicemen, private servicemen and businessmen. Professional degree holders are significantly less behaviourally loyal than graduates. As professional degree holders and post graduates are less satisfied, overall, as compared to graduates. Age group of above 45 years needs have their relationship with paucity of alternatives as a reason for loyalty, much stronger than the other age groups. Current account holders need the special attention of bank managers as their relationship with attitudinal and behavioural disloyalty is much stronger. Analysis has revealed poor interaction as a significant reason for disloyalty for savings account holders. Private sector bank’s customers’ disloyalty on account of negative image, unfair practices and service failures is more significant than nationalised bank’s customers’.

Age group of 25 years to 30 years has significantly stronger relationship as compared to different age groups with the factors which cause disloyalty like negative image, unfair practices, unfulfilled services and service failures.
5.5 Contribution to Theory

This study was built on the study done by Nordman (2004). This study has broadened the scope of understanding of customer loyalty and disloyalty in banking industry. It has also provided a cultural perspective of the concepts of loyalty and disloyalty focusing on Indian customers. This study has extended the Nordman (2004) study by taking relevant factors from other studies suggested by literature review and testing them empirically in Indian retail banking context. Contribution to theory has also been done by providing literature review of both the concept of loyalty and disloyalty in one single study, as literature review has suggested that there is no known empirical study which has studied both the end of the continuum of customer loyalty in one single study. This study has contributed to theory by suggesting four factors as loyalty supporting factors. Overall satisfaction being the factor which lead to customer loyalty through dedication and three other factors gives customer loyalty by causing constraints in switching are perceptual deterrence to change, paucity of better alternatives and high social cost of change (not significant with attitudinal disloyalty). This study has also suggested loyalty repressing factors which leads to disloyalty by putting negative affect on attitudes or by acting as trigger to disloyalty. The factor negative image, having negative effect on attitude, and is related with disloyalty. And factors unfair practices, unfulfilled services and poor interaction have positive and significant relationship with disloyalty. The relationship of service failure with attitudinal disloyalty is significant however with behavioural disloyalty it is not significant.

5.6 Societal Implications of the Study

This study suggested the factors which support loyalty and the factors which repress loyalty. Understanding of these factors will help banks in making their customers being loyal to the banks. In case of loyalty supporting factors this study suggests the bank managers to identify customers that are loyal due to constraints and make them satisfied to the extent that they become loyal through dedication. This will ensure better services to customers and make them more satisfied with banking services and will have a positive impact on social well-being of customers. Ideally banks would
want their customers to be loyal not because of some constraints but because of dedication. This study will help banks to move forward in creating more socially acceptable environment of banking in the country for its customers. Society which has banks working for the customers and making customers loyal through causing dedication will be much more constructive and will contribute significantly in overall growth. On the other hand, loyalty repressing factors as suggested by the study gives an idea to the bank to work on those factors to reduce disloyalty. Factors having negative effect on customers and make them disloyal have huge negative impact on customers will lead to negative impact on society in general. This study clearly identifies factors which creates such negative effect and gives banks clear directions in the form of managerial implication to counter these negative factors. So, this study has been an attempt to take a small step in contributing positively towards society by helping banks to provide better services to customers, who are the major stakeholders of the society.

5.7 Environmental Implications of the Study

Efficient banking system will provide positive banking environment for the banks to operate. Banking system in the country is the back bone for its economy and if banks are efficient it will reflect upon economy as well. With more efficient banking, banks will be able to focus on areas that provides growth to the country. All in all banks have a large role to play in shaping country’s economic environment. So providing positive environment to banks is critical for them to participate fully in the nation building. Loyalty supporting and repressing factors as suggested in this study is a small step towards efficient banking which in-turn lead to positive environment for their working. Banks focusing on customer services in order to make them loyal through dedication and working out on loyalty repressing factors in order to reduce disloyalty will lead to higher customer loyalty and more satisfied customers making banks more efficient.

5.8 Recommendations

Banks will have to put special focus on fulfilling its promises. Bank managers have to ensure that the promises are made for the services which can be fulfilled by the banks.
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As any breakage in promises made will yield to low trust and will impact the loyalty. Secondly, bank managers should address the complaints on unfulfilled promises that have been made by the customer on highest priority and should educate its staff accordingly.

Bank managers should monitor the satisfaction levels of quality of services in order to understand the gaps and fill the gaps with prompt action. To ensure availability of services bank managers should have a system in place to keep gauging the services that are sought by the customers and bank’s ability to fulfil the same and address the gaps.

As the study suggested that dedication based loyalty is much more important as compared to loyalty through constraints, bank managers have to ensure that they keep focusing on identifying customers who are in the domain of loyalty due to constraints and find a way to move them to the zone of dedication. The items of the factors perceptual deterrence to change and paucity of better alternative as given in this study can be used to identify those customers and can be further worked upon to move them into dedication zone by reducing the negative relationship with attitudinal loyalty. The items of constraint factors will only help in identification of loyal customers due to constraints but actual gaps for their not being loyal through dedication will be known through the items of overall satisfaction, factor that cause loyalty through dedication.

Bank manager has to ensure that banks should guard against the image that they might develop of being cold and bureaucratic or banks giving impression to customers that they are not interested in the customers and they are interested in their business only. This may lead to customer developing negative image which may ultimately lead to customers thinking of changing their bank. Bank managers may also develop a training plan for their staff to guard against falling prey to the reasons of negative image. The training plan will be highly effective as these reasons are much under the control of staff and can be easily worked out if customers are dealt with properly.

Bank managers should highlight the unsafe practices as perceived by customers and take corrective actions. In today’s scenario where there have been many instances of customer getting duped due to unsafe practices, it needs to be guarded by all the banks.
Bank manager should also be transparent about charges being made to customers so as to avoid the negative word of mouth which this study proves to be a factor why customers change their banks.

While pushing customers for other products, bank managers should ensure that they do not give customers the impression that they are being pushed too far for the services that they actually do not need.

Banks managers should design training programs for their employees so that they are updated with all the latest things about banking which will ensure customers not having the perception of bank staff lacking knowledge and will have confidence to stay with the bank. This study clearly showed that this leads to customer changing their bank. So in order to stop customers from changing their bank managers should take these actions to plug the gaps.

Bank managers should develop a system where the customers are given a fair idea of their loan eligibility through their various communications so that the sudden disappointment of loan rejection is avoided.

The bank managers might have to relook at the operational timing so as to ensure customers convenience for banking. This study has identified as one of the reason why customers have changed their bank.

Bank manager should take actions wherein the issues of banks being unresponsive and uncommunicative, not listening to customers and their staff being impolite and rude to them are properly taken care of and so that customers do not change their banks. These issues can be taken care of by the bank manager by ensuring a proper training and putting a system in place for the same.

As suggested by demographic analysis, bank managers should focus on customers who are students as their overall satisfaction is significantly less than the government servicemen, private servicemen and businessmen.

Bank managers should also focus on professional degree holders as they are significantly less behaviourally loyal than graduates. As professional degree holders and post graduates are less satisfied, overall, as compared to graduates so bank
managers should focus on customers with these two types of educational qualifications.

Age group of above 45 years needs the attention of bank managers because their relationship with paucity of alternatives as a reason for loyalty is much stronger than the other age groups.

Current account holders need the special attention of bank managers as their relationship with attitudinal and behavioural disloyalty is much stronger. So they will have to come up with the system to continuously monitor current account holders and should seek their reasons for disloyalty and take corrective actions.

Bank managers should take corrective actions on area of interaction with customers. Analysis has revealed poor interaction as a significant reason for disloyalty for savings account holders.

Bank managers of private sector bank should guard against negative image, unfair practices and service failures. Private sector bank’s customers’ disloyalty on account of these factors is more significant than nationalised bank’s customers’.

Although behavioural loyalty of graduates is significantly higher than the professional degree holders, their association with attitudinal and behavioural disloyalty is significantly higher than post graduates. So they need special attention of bank managers.

Another important segment that needs special attention of the bank managers is the age group of 25 years to 30 years. This age group has significantly stronger relationship as compared to different age groups with the factors which cause disloyalty like negative image, unfair practices, unfulfilled services and service failures.

5.9 Limitations of the Study

Some of the limitations of the study are as given below:

Sample base is limited to only 4 major cities of India. Hence generalization to Indian context will require higher and more varied sample from across the country.
This study is limited to retail banking sector in India. Other industries have different factors which affect customers differently. Hence industry specific factor will have to be accounted before generalizing it for the respective industry.

This study is limited to CASA (current accounts and savings accounts) only. Retail banking is much larger gamut and can include various other services like credit cards, retail loans with many sub categories that it possesses of home loan, car loan, consumer durable loans, gold loans and many others.

The model as proposed by Nordman (2004) had the element of effect of various sources of factors on loyalty model and vice versa which had not been taken up in this study in order to keep this study manageable.

5.10 Scope for Future Research

This study is done for understanding the various factors which has relationship with customer loyalty and disloyalty. There could be longitudinal study which can be carried out in order to understand and apply this research frame work to customer who are currently loyal and turning disloyal later on.

There could be an interesting research which can be carried out to understand at what point does negative affect on attitudinal loyalty takes over behavioural loyalty and makes the customer to change their bank.

Another interesting research that can be carried out is by understanding the effect of the sources of the loyalty supporting factors and loyalty repressing factors on these factors and how does these factors affect the sources and bring about changes in the loyalty and disloyalty dimension.

5.11 Chapter Summary

This chapter has detailed out the findings of the study on customer loyalty and disloyalty. The factors which support loyalty and represses loyalty have been the deliverable of the study which has been given in this chapter. Two types of loyalty
Findings, Conclusion and Recommendations

supporting factors have come out as a deliverable of this study; loyalty supporting factor through dedication and loyalty supporting factors through constraints. Under this overall satisfaction has come out to be the dedication promoting factor and Perceptual deterrence to change and absence of better alternative have come out as factors which support loyalty by inducing constraints.

In case of loyalty repressing factors, negative image has been found to be the factor which has negative effect on attitudes and had positive relationship with attitudinal and behavioural disloyalty and three triggers unfair practices, unfulfilled services and poor interaction lead customers to disloyalty.

This chapter also detailed out the managerial implications, the study’s contribution to the theory, its environmental and societal impact were also given. And finally concluding and giving the limitations and future scope for the study.